

A Work Project, presented as part of the requirements for the Award of a Masters Degree in Management from the NOVA – School of Business and Economics.

**A MARKETING PLAN FOR AN ENTER INTO A HEALTHY CATEGORY
THE LAUNCH OF LACTALIS NESTLÉ BIFIBUS YOGURT**

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Abstract

Being a high value category in the scope of Nestlé world's leading nutrition, health and wellness, yogurt health category is dominated by Danone. The launch of Lactalis Nestlé bifidus yogurt made with Portuguese ingredients and fresher in mouth is a new category enters which corresponds to current consumer needs. By targeting healthy lovers looking for light products, LNPF developed a marketing plan to achieve sustainability.

Key Words: Bifidus, Light, LNPF, Portugal.

Lactalis Nestlé Produits Frais

Lactalis Nestlé Produits Frais (LNPF) is a joint-venture between the Dairy Group Lactalis and Nestlé. Lactalis has 60% of the company as well as operation and financial management; Nestlé has 40% and is the owner of the brands.¹ Lactalis provides know-how in dairy and Nestlé contributes with an industry-leading research and development centers along with his trustworthy, traditional, safe and good quality brand image.² In Portugal, brand Portfolio is made by Longa Vida, Yoggi, Nestlé Grego, A Leiteira, Kit-Kat, Yoco, Nesquik, Chocapic, Smarties, Crunch, Mini Grego, Fitness and Nestum.³

Key successful factors

Danone success drivers has been numerous product innovations, an excellent matrix between advertising spent and sales performance, high flexibility with *Castelo Branco* factory and Portuguese structure with control and decision power. Nestlé chilled dairy products division with no factory in Portugal and dubious use of advertising matrix, had on innovation its main successful driver, since control and decision power for long have been in the hands of European deciders. Nowadays this shift is changed. LNPF was able

¹ Morelon, Luc. 2006. "Information on Lactalis Group's latest activities." *Lactalis Group Press Releases*, September 19. http://www.lactalis.fr/english/actualites/actualite_detail.htm (accessed September 11, 2013).

² Nunes, Filipa. 2009. "A marketing plan for a healthy low fat yogurt." MSc Thesis, Nova School of Business and Economics, p. 9.

³ Nestlé, 2013. <http://www.nestle.pt/SaboreiaaVida/Produtos/Iogurtes/Pages/Iogurtes.aspx> (accessed September 25, 2013).

to reinforce local structure with more decision power. Moreover Danone flexibility and speed of execution may be limited after having sold Portuguese factory in September. Furthermore the rumor on market about senior managers transferred to Spain, fostered by 39 lost positions on Lisbon office,⁴ balances the odds between those two companies.

How a yogurt is seen

Yogurt is considered healthy food. In fact it has many properties: it is a driver of well intestinal functional with the “*good bacteria*”; provides a fresh breath; it is a source of calcium contributing to prevent osteoporosis and hypertension; it can provide vitamins A, C, D and E, as well as being an ally in diet because it is the perfect option for mid-afternoon snack.⁵ Scientifically it is described as a fount of medicinal properties, helping to prevent arthritis, heart disease and colon cancer.⁶

Bífidus yogurt

Danone has positioned bifidus as the digestive comfort yogurt, claiming improvements on the slow transit time that contributes to constipation, regulating the digestive system. Since U.S. Federal Trade Commission ruled there isn’t enough evidence to back up that,⁷ Danone has started communicating by omit clear mention to rational benefits. On survey bifidus is seen as a contributor to healthy and in shape body, provider of better digestion, a help on intestinal transit, with high level of fiber and an everyday product.

Market Overview

Chilled dairy market being one of the most dynamic markets in FMCG is composed by yogurts, chilled dairy desserts and chilled dairy cheeses. Being a concentrated market,

⁴ **Cavaleiro, Diogo.** 2013. “Danone vende fábrica de Castelo Branco mas garante empregos.” *Jornal de negócios*, September 11. http://www.jornaldenegocios.pt/empresas/detalhe/danone_vende_fabrica_de_castelo_branco_mas_garante_empregos.html (accessed November 25, 2013)

⁵ **Adolfsson, Oskar; Meydani, Simin N. and Russell, Robert M.** 2004. “Yogurt and gut function.” *The American Journal of Clinical Nutrition*, 80: 246-256.

⁶ **Grotto, David.** 2008. *101 Alimentos que podem salvar sua vida.*, Lisboa: Academia do Livro, pp. 243-245.

⁷ **Hunter, Aina.** 2010. “Activia for Constipation? No Proof Probiotics Help, FTC Says.” *CBS News*. December 16. <http://www.cbsnews.com/news/activia-for-constipation-no-proof-probiotics-help-ftc-says/> (accessed November 23, 2013)

with 10% of the stores making 87% of the turnover,⁸ innovation is the driver for differentiation and added value over private labels. Portuguese market size in 2012 was 184 thousand tons and € 480 million at selling price,⁹ see **appendix 1**. Private Labels gained market acceptance and accounts for almost half of the market. Their innovation and perceived quality are recognized and consumers consider them at the moment of purchase. Depending upon the categories they have medium or higher penetration on market. Danone has practically ¼ of market and is the most powerful brand. Far away, but still important, are Lactogal, the third player, and LNPF, rounding 10% of market,¹⁰ see **appendix 2**. LNPF divides the market in six categories: Indulgence, basics, adult drinks, light, children and health. Indulgence addresses to emotional comfort and sensorial gratification, typical examples are Neslte Grego and A Leiteira. Basics embody traditional solid yogurt disposable in flavors, plain, pulps, cereals and fruit pieces. Longa Vida is the brand example. Adult drinks includes all drinking yogurts in the market which aren't light. For instance you can find here Yoggi and Danup. Light includes all light products with health being an exception. Thus, Corpos Danone fits here. Children is composed by products made according to children nutritional needs, like the brand Yoco. Health aggregates yogurts with health benefit claims: cholesterol reduction, natural defense reinforcement and regulation of intestinal transit. Danacol, Actimel and Activia are the references, see **appendix 3**. Health category represents € 91.7 million at selling price and 24.6 thousand tons in 2012.¹¹ Currently LNPF hasn't any brand in that category. Looking at the following table, it is possible to infer category and sub-category height as well as brand market share per player, in Bifidus.

⁸ Nielsen. 2013. Quantitative report for Lactalis Nestlé Produits Frais.

⁹ Nielsen, 2013. Chilled dairy products, Total Portugal, Volume and Value in 2012.

¹⁰ Nielsen, 2013. Chilled dairy brands, Total Portugal, Volume and Value in year to date in September 2013.

¹¹ Nielsen, 2013. Health category, Total Portugal, Volume and Value in 2012.

Table 1: Health category fragmentation

| YTD P9 13 | Other | | | | | | | |
|-----------|--------|------------|---------|---------|-------|--------|--------|--------|
| | Health | Probiotics | Bifidus | Activia | PL | Mimosa | Adágio | Others |
| Volume | 12,5% | 29,2% | 70,8% | 71,2% | 25,0% | 1,1% | 2,2% | 0,5% |
| Value | 17,1% | 34,9% | 65,1% | 79,5% | 17,9% | 0,7% | 1,5% | 0,3% |

Source: Nielsen, 2013. Bifidus brands, Total Portugal, Volume and Value in year to date in September 2013.

For detailed and additional data see **appendix 4**. Regarding retail market, Continente with 25.5% and Pingo Doce with 20.7% are key clients. In a descending order, with almost 10%, ITM, Lidl, Minipreço and Auchan are also relevant. Modern trade has 77.3% of the market volume,¹² see **appendix 5**. Key retailers in health category are Continente with 37.8%, Pingo Doce with 29.6% and Minipreço with 10.8% in volume of the total market. Together they have almost 80% of market share,¹³ see **appendix 6**.

Market Trends and Insights

Health market has been decreasing since 2008.¹⁴ Nowadays tons sold are constricting 8.5% and value is decreasing 11.1%¹⁵ due to Danone disinvesting in Danacol and mainly in Actimel. On the other hand bifidus market had been growing until stagnation in the beginning of 2012. However, nonetheless in 2013 bifidus has been decreasing 5.3% in volume and 7.5% in value, due to less Private Label added value (losing more than 20%), manufacturers are increasing volume and stabilizing value sold. There are two drivers conducting to these results; Lactogal duplicated his promo investment and increased the weight distribution: 1pp in Mimosa bifidus and 13pp in Adágio bifidus. Danone Activia invested more 50% in promotion and reduced the recommended average price in € 0.21,¹⁶ financing these with less 25.9% of TV investment.¹⁷ In the same period of analysis Kantar presents a growth in bifidus light of 9.8 pp in volume

¹² Nielsen, 2012. "Retail Market."

¹³ Kantar Worldpanel, 2013. Retail Market, Total Portugal, year to date in September 2013

¹⁴ Jorge, Victor. 2008. "Iogurtes funcionais em queda." *Hipersuper*, September 23.
<http://www.hipersuper.pt/2008/09/23/iogurtes-funcionais-em-queda/> (accessed October 13, 2013).

¹⁵ Nielsen, 2013. Health category, Total Portugal, Volume and Value in year to date in September 2013.

¹⁶ Nielsen, 2013. Bifidus brands, Total Portugal, Promotion, WD and Average price in year to date in September 2013.

¹⁷ Zenith, 2013. Chilled dairy products in year to date in October 2013.

and 11.0 pp in value,¹⁸ see **appendix 7**. Nielsen reinforces the trend with 22% increasing in bifidus light solids and 30% increasing in bifidus light liquids, in volume.¹⁹ In 2013 its market size is forecasted to be 5.000 tons at selling price, about 40% of total bifidus; the best year ever, see **appendix 8**. Regarding lifestyle, a Canadian national and abroad study concludes that world consumers are adapting a healthy and wellness lifestyle, enhancing quality of life and preventing diseases.²⁰ Among those, seniors are one of the most interested with the purpose of having a certain level of vitality long into their retirement. Pregnant are also in the scope with their baby health in mind. Moreover, with parents' incremental preoccupations against children obesity, natural healthy, organic and functional food are being more addressed to their families. Additionally a LNPF study states that females are the gender more into healthiness - 73%, with males' interest arising to 67%.²¹ Still, 64% of consumers are more interesting in hear about what to eat in opposition of what not to eat and 41% agree that trying to decide which food or drinks are healthy is confusing. The top three drivers to choose a chilled dairy product is low or no fat, high fiber and low or no sugar. This emphasizes the potential of light functional market; even more if we take into account that 52% avoid dairy because are trying to lose weight. The degree of interest ascends to 87% with 39% actively buying. Regarding packaging the trend is clear instruction and ease of storage. Concerning innovation, Kantar affirms that only 30% is a success, which emphasizes the need to better decode consumer needs.²²

¹⁸ **Kantar Worldpanel**, 2013. Bifidus, Total Portugal, Market Share in year to date in September 2013.

¹⁹ **Nielsen**, 2013. Bifidus, Total Portugal, Market Share in year to date in September 2013.

²⁰ **Berry, Ben**. 2011. "Health and Wellness Trends for Canada and the World." Agriculture and Agri-food Canada. <http://www.ats-sea.agr.gc.ca/inter/pdf/4367-eng.pdf> (accessed October 20, 2013).

²¹ **Felgate, Melanie**. 2013. "Consumer and Innovation trends and future Growth opportunities in Dairy". Report of Datamonitor for Lactalis Nestlé Produits Frais.

²² **Kantar Worldpanel**, 2013. "A Inovação tem 30% de sucesso em Portugal", October 10. <http://www.kantarworldpanel.com/pt/news/news-articles/O-estudo-Radar-Inovao-analisou-ou-dois-ltimos-anos-no-setor-FMCG> (accessed October 14, 2013).

New consumer decision Journey

The model states²³ that consumer starts with an initial consideration mainly influenced by company-driven marketing and consumer-driven marketing where brand awareness and brand image put the brand on the game. On survey, Activia presented 61% recall, 99% recognition and was pointed as third best brand after Grego Danone and Corpos Danone. On a second phase the consumer evolves to evaluation, arising brand interest and consumers' bond; company driven loses influence and emerges stores' interactions. Activia portfolio with 98.5% of weighted distribution delivers standard and light in several liquids and solids varieties. Mimosa bifidus and Adagio bifidus provide only liquid light in two varieties each, with a weighted distribution of 20.1% and 62% respectively,²⁴ see **appendix 9**. On a third phase the buyer is influenced by brand preference and brand purchase, and here is where shelf space, promotion, family offers, big discount and fidelity programs are relevant. Moreover, the main role belongs to stores' interactions, being also relevant consumer driver marketing. While Adagio and Mimosa sell merely pack 4, Activia sells pack 3, pack 4, pack 6 and pack 8. About shelf space, Lactogal presents an average of 3.6%, Private labels 21.8% and Activia 73.9%; a fact that creates a huge green block, making easy to consumer evaluate Activia portfolio and not so much competitors in 4/5 seconds of decision. Additionally, Activia has 37.2% of its sales in promotion, in opposition to 14.5% for Mimosa bifidus and 6.8% for Adágio bifidus; even less than Private labels with 15.2%,²⁵ see **appendix 10**. Next steps are consumer post-experience and advocating, entering if satisfied in the loyalty loop; keeping thereafter only these next steps. Hence, competitors only may break the loop by investment in brand awareness and brand image, see **appendix 11**.

²³ Court, David et al. 2009. "The consumer decision journey." *Mckinsey Quarterly*, Number 3, pp. 1-11.

²⁴ Nielsen, 2013. Bifidus, Total Portugal, Weight distribution in year to date in September 2013.

²⁵ Nielsen, 2013. Bifidus, Total Portugal, Promotion in year to date in September 2013.

New purchase profile

In the course of Portuguese macroeconomic adjustment period, consumers started becoming price searchers in 2009. They began looking for promotions and Private labels grew on basics yogurt category. In 2010 appeared the stay at home policy. The Shopper is more rational and makes plans – it arises the deflation on chilled dairy market. In 2011 consumers focused on smart downtrading: Costs reduction for more Private labels, promotions and even further consumption at home. In 2012 the consumer purchase profile changed with the emergence of the new normal. Cutting on increased VAT and refusing to non-essentials purchases, originated FMCG reduction on Portuguese homes. Thereby, manufacturer brands responded with promotions, slowing down private labels until reverse the trend in 2013 and recovering some market share lost. Nevertheless yogurt is becoming to be seen as no essential by consumers. Current consumer is defined by reducing the average basket by act of buying and increasing the occasions of purchase, with more presence on stores looking for the best deal. Likewise, 89% of all families are together involved in the control and saving process, 85% pays special attention to discounts and specials offers and 51% gives more importance to the size of the package.²⁶ In this dark picture, innovation, all family offers, big formats and promotions are how brands are reacting to survive in this problematic context.

Consumer behavior

Yogurt is a low-involvement category and as so the loyalty tends to be easier to change. Modifications on current products, introduction of new ones, or desire for variety and experimentations can be sufficient to create product curiosity and interest, encouraging trial instead routinized choices. With that goal in mind, brand managers usually use In-

²⁶ Kantar World Panel. 2012. "Shopper Performance, pistas para 2013." Report for Lactalis Nestlé Produits Frais, pp. 5-17.

and-outs to create category excitement and attract more consumers into their category. Yogurt is consumed on a daily basis. Heavy consumers eat 2 or 3 yogurts a day, meanwhile light consumers eat 3 or 4 times per week.²⁷ On survey bifidus solid is consumed in breakfast and Mid-morning snack, with Mid-Afternoon being also relevant. Besides that, bifidus liquid has a significant reinforcing of the on-the-go.

Competitors

Considering total TV investment, top 3 brands are: Activia, Adágio and Mimosa.

Table 2: Chilled dairy brands investment in TV

| YTD P10 13 | Share of investment | Net TV investment | Gross rate points |
|------------|---------------------|-------------------|-------------------|
| Activia | 19.4% | € 1.368.000 | 7.134 |
| Adágio | 12.1% | € 851.000 | 5.058 |
| Mimosa | 9.1% | € 645.000 | 3.428 |

Source: Zenith, 2013. Chilled dairy products in year to date in October 2013.

From those brands only Activia focus exclusively the communication in bifidus. Others important investing brands in chilled dairy market are: Corpos Danone, Danone Grego, Danone Original, Yoco, Danacol, Yoggi and Danup.²⁸ Chilled dairy market is defined by “*lifestyle consumers*”, which look for specific benefits and pay premium price, such as Children, Indulgence and Health categories, and “*Mass Market*”, in which consumers assume that the benefit becomes standard and desires well-known and tasted brands, like Adult Drinks and Basic categories.²⁹ It is on these categories that manufacturers expect to leverage factories operationally and profitability, by reducing cost of stopped inputs and keeping the production ongoing. The first three are the true source of money. According to LNPF 2012 qualitative study, Mimosa image was traditional with a good average quality, meanwhile Activia and Adagio were on the innovation and emotional territory with Adagio being seen as more indulgence and Activia as more nutritional.

²⁷ Nunes, Filipa. 2009. “A marketing plan for a healthy low fat yogurt.” MSc Thesis, Nova School of Business and Economics, p. 9.

²⁸ Zenith, 2013. Chilled dairy products in year to date in October 2013.

²⁹ Mintel. 2013. “European free food market.” Report for Lactalis Nestlé Produits Frais.

Kantar consumer panel slightly differs from Nielsen retail panel regarding market share, because is a different source of information; nevertheless the following table provides important information regarding main bifidus competitors in Portugal.

Table 3: Main bifidus competitors in Portugal

| YTD P09 13 | Bif.No.So.T.Acti. | Bif.No.So.Cont. | Bif.No.So.P.Doce | Bif.No.So.Minipreço | Bif.No.Li.T.Acti. | Bif.No.Li.Cont. | Bif.No.Li.P.Doce | Bif.No.Li.Minipreço | Bif.Lig.So.T.Acti. | Bif.Lig.So.Cont. | Bif.Lig.So.P.Doce | Bif.Lig.So.Minipreço | Bif.Lig.L.T.Acti. | Bif.Lig.Li.Adágio | Bif.Lig.Li.Cont. |
|-----------------------------|-------------------|-----------------|------------------|---------------------|-------------------|-----------------|------------------|---------------------|--------------------|------------------|-------------------|----------------------|-------------------|-------------------|------------------|
| Share of market in value | 83 | 8 | . | 4 | 77 | 5 | 4 | 7 | 70 | 9 | 6 | 13 | 83 | 6 | 10 |
| Share of market in volume | 79 | 9 | . | 6 | 69 | 6 | 4 | 10 | 61 | 9 | 6 | 21 | 76 | 9 | 13 |
| % of Penetration | 19 | 4 | . | 2 | 20 | 3 | 2 | 3 | 12 | 2 | 2 | 3 | 14 | 2 | 3 |
| Frequency of purchase | 3 | 2 | . | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Average spend € | 13 | 6 | . | 5 | 12 | 6 | 6 | 7 | 8 | 6 | 5 | 5 | 11 | 6 | 6 |
| % Repeaters | 10 | 2 | . | 1 | 8 | 1 | 1 | 1 | 5 | 0 | 0 | 1 | 6 | 1 | 1 |
| Fidelity of act of purchase | 87 | 50 | . | 52 | 79 | 38 | 35 | 64 | 78 | 54 | 50 | 72 | 88 | 52 | 60 |

Source: Kantar worldpanel, 2013. Bifidus, Total Portugal, Promotion in year to date in September 2013.

Background

Nestlé had LC1 as bifidus brand. During years the brand suffered from low awareness, low investment and lack of communication, in addition to a visual sensory system not adapted to the category – bifidus color is green and the packaging of LC1 was blue – and a name too functional. In 2012 LNPF launched Longa Vida bifidus in-and-out, however the results wasn't the proposed. Longa Vida traditional image with good average quality wasn't compatible with bifidus, more into innovation. With no point of difference and focusing in price, the brand ignored pulp (43.4%) and cereals (40.2%) on liquids and cereals (31.1%) on solids,³⁰ which wasn't the most fortunate approach.

Marketing Opportunity

Since Nestle is the Umbrella brand of all LNPF brand portfolio, it is the reference for consumers. With nutrition section and wellness tips Nestlé is seen as a healthy company which promotes personal wellbeing focusing on nutritional food. Moreover the

³⁰ Nielsen, 2013. Bifidus, Total Portugal, Total by volume in year to date in September 2013

company slogan is “*Saboreia a Vida*” in Portugal³¹ and “*Good Food Good Life*” abroad, and as we have seen before, bifidus is in the healthiness scope. Additionally, a 2013 study conducted by IPAM states that Portuguesees prefer, value more and are committed to increase national products consumption, with the goal of protecting jobs in Portugal.³² They recognize high quality and attractiveness on the food sector and they feel that should go for national goods in order to avoid foreigners’ enrich instead of them, because it means keeping Portugal working. Reinforcing those results, is a 2013 study about purchase behavior of fruits in Portugal,³³ affirms that Portuguese consumers consider national fruits better – tastier, healthier, fresher and safer. Taking this into account as well as the increase of light bifidus market, the marketing opportunity is to launch a new brand of light bifidus in Portuguese market, under the umbrella of Nestle and made only with Portuguese milk, fruits and cereals.

SWOT Analysis

Table 4: Internal and External Factors

| Strengths | Weakness |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> -Know-how and knowledge of the market -Consolidated relationship with retailers -Capacity to produce -Business model and distribution flows designed -Non-incremental fixed costs | <ul style="list-style-type: none"> -Hasn’t a bifidus brand with strong image -Has to develop the product from step zero which means time until find perfection -Unsuccessful background on bifidus may create internal resistance |
| Opportunities | Threats |
| <ul style="list-style-type: none"> -Availability on market to launch a relevant and different value proposition -Diversify retailers offers' in light solids, in bifidus market, beyond Activia -Low Private labels market share means price isn’t critical for consumer decision | <ul style="list-style-type: none"> -PLs trade down is too competitive -Trade up in liquids light very competitive with Activia, Mimosa and Adágio -Activia is the brand which invests the most. Has high awareness and good image |

Source: Own elaboration.

³¹ Nestlé. 2013. “A importância de uma alimentação equilibrada.” <https://www.nestle.pt/SaboreiaaVida/Alimentacao/Pages/Alimentacao.aspx> (accessed October 2, 2013).

³² Arriscado, Paula., Galante Bruno and Conde Rosa. 2011. “Estudo Instituto Português de Administração e Marketing relaciona consumo – Made in Portugal – com emprego.” IPAM the Marketing School.

³³ FNOP. 2013. “Comportamento de compra de produtos hortofrutícolas: portugueses preferem frutas e legumes nacionais.” <http://www.agroportal.pt/x/agronoticias/2013/07/18b.htm#.UoekbXDIYUt> (accessed October 1, 2013).

Marketing Objectives

The main objective of Nesgurte, the local brand launched by LNPF, is being known in the market as national supporter, produced with Portuguese ingredients and Nestlé perceived standards. Beyond that, following the profit maximization financial objective and a marketing “*meeting needs profitably*” approach, net margin per kg cannot be less than € 0,15 on the first mobile year (MAT1), € 0,28 on MAT2 and € 0,36 on MAT3. The goal is to support brand activation and brand establishment and then slowly rising net margin. Making a sales forecast of 5% growth per year, with 5.000 tons in the base year, Nesgurte must obtain, in volume, 9% of solid and 7% of liquid market. It is expected it continues acquiring market on MAT2, rising up to 13% and 10.5%. On MAT3 it has to evolve for 15% and 11.5%, consolidating the Nesgurte position and exploring the absent of Lactogal in solids. Moreover, brand value has to be € 1.620.613 on MAT1, € 2.505.892 on MAT2 and € 2.956.292 on MAT3, see **appendix 12**.

Segmentation

Segmentation is the technique of grouping consumers into different groups with the same behavior and needs, in a given market, which require similar marketing mix. The segmentation will be customer-oriented based on physiographic values, opinions and attitudes. There are six types of yogurt consumers’: Traditionals – They look to yogurt as a way to make them feel natural. Fruit pieces and plain are appreciated because remind them fruit and milk. Here you can find everyday pleasure consumers (Basics and Adult Drinks); Equilibrium – Keeping a balanced life is what they intend. They like to eat all categories in the right proportion. They prioritize the moment and act according to it; Thin Addicted – They appreciate all categories but even more the idea of not getting fat as a result of eating it. They see light as an escape to consume additional

calories on others occasions of the day, Dainty tasty – They haven't any physical constrain regarding their wellbeing. They can and like to sweets themselves with dairy snack; Pleasures – Calories aren't a concern of them. Even if they shouldn't, indulging themselves is a pleasure which they value high. They look for heavy sensorial taste and experiences; Healthy Lovers – Look for healthy choices regarding food, demanding a healthy life in which control of what they eat and making regular exercise are rules. They value enriched nutritional, mineral products and feeling good about their body.

Positioning

It is the way that brand managers design the company offer and image in order to conquer a relevant and valuable space on consumers' mind, as well as a "*description of how a brand can compete against a specific set of competitors on market*". According to Keller, positioning is divided in frame of reference, target, points of parity and points of difference. Nesgurte frame of reference is health yogurts, more specifically bifidus sub-category, see **appendix 13**. Nesgurte will target healthy lovers since probiotics like bifidus are the ideal offer to address their needs. According with marketing insights, in addition to exercisers they are seniors, pregnant, middle age persons with children, and mainly female with an interesting percentage of men as well. As the intention is to launch a light offer to address the top 3 mentioned drivers to choose a chilled dairy offer, and as well to be included in the scope of consumers that are trying to lose weight and normally would avoid yogurts, Nesgurte selects thin addicted as secondary target. Regarding category points of parity those are: Ready to eat; Format, since liquid plastic bottles has the middle of the bottle narrower than the ends to allow for better grip and solids are offered in the classic pot; Green color code as it is bifidus yogurt identity; All the product characteristics proprieties that enables regulate intestinal transit, better

digestion and high fiber levels. Concerning competitive points of parity those are: Practicability, since has a removable plastic lid that enables close the bottle anytime saving the liquid for later; Grammage, 160g of liquid yogurt and 120g of solids yogurt, the same as Activia – however less than Mimosa liquids, 175g and Adágio Liquids, 180g. As points of difference, Nesgurte is the most fresher bifidus brand in mouth, that support Portuguese, and the reason to believe is that it is made with Portuguese fermented milk and, Portuguese fruit and cereals in a new recipe design to enhance freshness in mouth. Thus, the positioning statement is: Nesgurte is a bifidus yogurt brand for healthy lovers looking for light products, that enhance the freshness in mouth and support Portuguese in a period of economic crisis because it is made with Portuguese fermented milk and, Portuguese Fruit and Cereals in a newly created recipe.

Product

Strategy – Nesgurte is a new health category enters, under Nestlé umbrella expertise on healthy diet. It is a bifidus light yogurt made with Portuguese milk, fruit and cereals. There are solids and liquids enriched with fiber to help on intestinal transit and created to contribute to digester and a healthy body. Nesgurte is light with 0% added sugar and fat, developed to be fresh in mouth and originated from Portuguese farmers. Its brand identity also stands for, reliability, genuinely, happiness, nourishment, positivism and contagious vitality, aiming to arise consumer conscientious of the importance of being active, in opposition to a strict passive life, see **appendix 14**. Innovation on ingredients origin and differentiation on fruit configuration on bifidus light are the brand drivers.

Tactics – Nesgurte name is designed by benchmark Nescafé. Considered one of the TOP 3 FMCG brands worldwide by Kantar,³⁴ the naming of the brand makes explicitly

³⁴ **Kantar**. 2013. “As marcas FMCG mais fortes do mundo”. <http://www.kantarworldpanel.com/pt/news/Mimosa--a-marca-n1-em-Portugal> (accessed October 24, 2013).

reference to Nestlé with her consolidated healthy image, and clearly define the category in addition of being likable, easy to memorize and pronounce. Regarding product development the project will start on February and ending in June, see **appendix 15**. As LNPF hasn't a current recipe the marketing team will recommend the factory to start the development basing on Activia nutritional table values, see **appendix 16**, adding fresher in mouth especially on the liquid product. The goal is to focus on the 3 main consumers' preference given by marketing opportunity – taste, health and fresh. According to participants' preferences on survey and Nielsen top sell flavors, LNPF will launch two yogurts fruit liquid: Portuguese strawberry with banana of Madeira fruit, and São Miguel fruit passion, creating an exotic variety. Regarding liquids cereals it will offer two Sku's: Cereals of Alentejo, and Oatmeal of Minho with Nuts of Trás-os-Montes. Concerning solids Nesgurte will develop as well two fruit and cereals Sku's: Portuguese strawberries with pineapple of Açores and pear Rocha with appeal Camoesa, appealing to emblematic Portuguese fruits. Cereals of Alentejo with Portuguese strawberries and muesli with red Portuguese fruits are the two last solids products. As mainstream fruit, strawberry is seen as a variety hero. Deciding the fruit/cereal prepared and the yogurt base is the first concern. After that, it is planed to do 3 manual trials and 3 industrial trials until the perfect yogurt is developed. If after those recipe it is not exactly as intended, small fine-tuning must be done on the first productions. Packaging used will be Longa Vida pot and Yoggi Magro square bottle, with 120 grams and 160 grams respectively no clusters will be developed with the aim of make it cleaner. The format elected is pack 4 since provide the right purchase number for singles and couples, as well as families if you acquire more than one pack. Moreover is very adaptable on shelf and on retailers' planograms, and a pack 8 would have improbability listening and too

higher price for buying act of a new brand. On the other hand the pot has individual code bar to enable being sold if disaggregation occurs. The launch is planned for September 2014 but until there two qualitative tests have to be done. The first, in June, is a blind test of Nesgurte recipe vis-à-vis Activia recipe. The action is determined: If Nesgurte win 55-45 maintain recipe, otherwise improve recipe on the next month. The second qualitative study, on August, is design with four groups – two Activia users and no users. The agency has to test recipe, packaging and branding of Nesgurte vis-à-vis Activia. A mandatory explanation of the concept and introduction on Nesgurte has to be done on only two groups (one user and another no user), since they are not familiarized in opposition to Activia. The test is approved if Nesgurte does not lose for more than 45–55 in all the 4 groups. The difference between the 2 groups, with and without introducing, is the potential of the brand and it has to be at least 50-50 against Activia.

Price

Strategy – Bifidus consumers are more sensible to others aspects of marketing mix than price. Being Activia a source of money with high market share, price retaliation will be avoided. Due to similar costs of production, a neutral price supported by promotion actions, to face consumer profile, is the goal to maximize long-term profitability.

Tactics – Price orientation is defined based on: Cost driven price, customer driven price and competitor driven price. Cost driven price - Having an internal cost of production of € 1.09 kg (assuming 44.2% of Nesgurte net sales), LNPF has to assure cost covering, as well as promotion costs coverage, see **appendix 17**. Customer driven price – On the survey consumers' wiliness to pay is in the range € [1.90 – 1.99], the same as Activia 0%, discounted of price promotions³⁵, with and without that information explicitly

³⁵ Nielsen, 2013. Bifidus, Total Portugal, Promotion in year to date in September 2013

given. Moreover, segmenting bifidus market price in standard and light, liquid and solids, is a good way to reflect different products value for type of consumers and occasions. Consumer values more light and solids, paying higher price per kilo. Regarding competitor driven price the reference price and reference value is Activia 0%. Its economic value is higher, due to an intangible brand value which creates a differentiation value, meanwhile Nesgurte unique value deliver is not yet generally known. Nesgurte use value is higher since as will have a better recipe consumer will attribute more utility. Being a low search good the key factor will be add psychology value by creating the concept of high satisfaction by helping Portugueses. Put all the pieces together and summing up an increasing volume objective, the recommended selling price to public will be € 2,29 on light solids pack 4 and € 2,39 on light liquids pack 4 – minus € 0.20 that Activia 0%, more € 0.20 that Adágio bifidus light and more € 0.40 than Mimosa bifidus light and Private labels, see **appendix 18**.

Placement

Strategy – Nesgurte recommended cardex will be all references in Hipermarkets, 4 in Big Supermarkets – 2 solids and 2 liquids, and 2 solid in Small Supermarkets, as offer differentiation in relation to liquid Adágio and Mimosa increases the odds of listening in store, along Activia 0%. Cash and Carry and premium offers in Horeca channel will be as well part of cardex, according to clients' different needs. Nesgurte weighted distribution must include Continente, Pingo Doce, Minipreço and all Hipers.

LNPF channels – After being produced and packaged in Guadalajara, Spain,³⁶ Nesgurte has a shelf life of 34 days. According to the group procedures, after manufacture batch

³⁶ **Best, Dean.** 2010. "Spain: Lactalis Nestle to close production site." http://www.just-food.com/news/lactalis-nestle-to-close-production-site_id112405.aspx (accessed November 27, 2013).

all yogurts are tested by sampling. Quality department test them during two days and if it is ok they are shipped to Portuguese distribution center in Perafita and are ready to be commercialized. An outsourced company is in charge of the journey. With duration of 1 day the long haul trucks brings to Portugal 32 pallets, 672 packs and 2688 yogurts. LNPF divides the clients in traditional trade and modern trade. Traditional trade is divided in traditional channel and Auto Sales, see **appendix 19**. In the Traditional channel orders are made through LNPF customer sales support and integrated in the distribution center's system. In cooperation with LNPF commercial agents it is designed to serve small supermarket chains, cash and carries, horeca channel, small distribution companies and local groceries. Auto sales has the same purpose but is made by sellers in refrigerated trucks that take clients orders in their PDA's, in the course of the daily route, integrating those with LNPF distribution center's system. Because it doesn't justify having a direct sales force, there is no contracts. Commercial discounts and prompt payment are applied in the moment of purchase; promotion and shelf space are continuously negotiated. Waste is LNPF responsibility only, as well as the risk. Modern trade contemplates national spread chains like, Continente, Auchan, Pingo Doce, Minipreço, E-Leclerc, Lidl and Intermarché. The ordering is made through EDI system and after processed, a single delivery is done to clients wholesalers, being that they don't receive product with less than 17 days of life. From this moment the chains are the physical possessors and owners of yogurts, and from there clients make they own distribution to their stores³⁷. With so short life the risk is mostly on LNPF since in addition to a rigid control of stock, even after the deliver, depending on the contact; retailers have a small percentage of waste which is supported by LNPF. This GAP can

³⁷ Nunes, Filipa. 2009. "A marketing plan for a healthy low fat yogurt." MSc Thesis, Nova School of Business and Economics, p.16-18

be closed with closer ties and strong coordination between the retailers and LNPF demand planning department. Promotion is mainly financed by LNPF, however linked to the contract there is a retailer percentage contribution. Moreover, if it is a champion brand or a trouble brand retailer will take the initiative of making promotion, for opposite reasons - increasing sales vis-à-vis reducing waste. Negotiation assumes a crucial moment and a good deal is harder to do if retailers are discount stores or have high market share, size scale power and even if is not a strategic partner. In return of coercive conditions LNPF has better shelf space and win the right to sell to that retailer. Typical trade margin are in the range of 10% to 50%³⁸ and payments are made in 60 days average,³⁹ see **appendix 20**. At last, retailers sell directly to consumers. In the distribution strategy analyze, demand side is as important as consider supply side, since the goal in a good strategy is to provide the client desire service output. As Nesgurte will have EAN code there is no bulk breaking since consumer can buy only one yogurt. Spreading nationally, with some clients opening at 9 a.m. and others closing at 11:30 p.m., along with stores opening every day and 24h online service providing in Porto and Lisbon by hypermarkets, spatial convenience coverage is quite good. Moreover, with Nesgurte stocked in clients' stores, unless there is stock out, waiting time is low. Furthermore, since clients are all interested in customer loyalty and customer satisfaction as a driver to be sustainable, customer service and information provision is assured with employers service at store, brochures, personalized website, newsletters and media communication, see **appendix 21**. As the brand gets known and consumers' awareness of it positioning grows, assortment in small supers will be insufficient. LNPF will close that GAP with an investment of € 40.000 in additional shelf space in a very

³⁸ Nunes, Filipa. 2009. "A marketing plan for a healthy low fat yogurt." MSc Thesis, Nova School of Business and Economics, p. 23

³⁹ Alneida, Daniel. 2012. "Pingo Doce reduz prazo de pagamento a fornecedores para 10 dias." *Marketeer*, April 4. http://www.lactalis.fr/english/actualites/actualite_detail.htm (accessed November 17, 2013).

few small supermarkets with good urban location and high yogurt sales, in order to serve as a model for others and boosters new entries in cardex, see **appendix 22**.

Tactics – LNPF will invest 20% of sales development budget, € 42.706, in product fees and weight distribution goal is 70% on MAT1, 73% on MAT2 and 75% on MAT3. Superior value is reserved for market leader since many stores only have one reference and will choose the brand leader, in addition to their own brand, if applicable. Bifidus linear in health shelf will be recommended for Nesgurte placement in store, in order to facilitate category identification and enhance visualization standing next to Activia 0%.

Promotion

Strategy – Create a Brand Relationship Driven: High importance of differentiation through innovation and social acceptance. Focusing on brand awareness and brand image is how LNPF will communicate to consumers its value proposition.

Tactics – At the dispose of Nesgurte brand manager will be a budget of € 262.220 in MAT1, see **appendix 22**. The marketing objective is already known and with about 1.30% of chilled dairy product share of investment in TV, attracting 7.74% of light bifidus market, means obtain 0.23% of chilled dairy product market share. Thus, ceteris paribus, even if the campaign has to be a good campaign, the goal can be reachable. In order to be successful, advertising campaign has to have in addition to the target, the target audience. Those are the ones to whom a particular campaign is directed. Nesgurte will go for other's brands switchers as primary target and non-category users that left the category due to private labels less added value as secondary target. Regarding the profile of the target audience, the desire gender is female with about 40 year's old and Portuguese physiognomy. Conscientious and positive consumers with vitality and active spirit are the personality. This will adapt the best to Nesgurte rational and emotional

benefits. As LNPF is trying to sell wellbeing at a reasonable price, urban and medium social class is the profile that fits the most, since it is the largest group that can afford it and with a so busy life that they don't have the time to look for alternatives and prepare them. Concerning action objective for the new brand, on MAT1 the goal is to focus on initiator with product propose of usage and on influencer, recommending a set of criterias to endorsing. This is related with brand awareness, brand image and brand attitude. In side of store Nesgurte aims to go for the decider, purchaser and user, which is saying brand preference and brand purchase; Only on MAT2 and MAT3 the advertising goal will be stimulating trial and repeat trial. Communication objectives will follow; attention to emotion to acceptance and processing. Since LNPF is launching a new brand, communication effects will be brand recognition at the point of purchase, showing the brand and packaging shoot like it will appear in store, reinforcing on the desired Portuguese ingredients and supporter brand image, and then, category need - boasting shopper needs with recognition of the brand. The desired attitude will be the user as a hero, winning social approval as primary purchase motive and them differentiation with freshness through sensorial gratification motivation. Nesgurte will brief the agency for benefit leading to emotional (b->e+) advertising, since communication motives is based on transformational with strong emotional attached and easy to imitate benefits. Creative Strategy will focus on image, as it is a low involvement product, consumer will first become aware, then will trial it and afterwards comes the attitude regarding it. For transformational motivation it is important that the target audience likes the add, which will demand a unique execution with extreme positivism and, emotional authenticity as key driver. Media strategy will be dispersed in visual and awareness media options. Press releases will be publicized in marketing,

health, lifestyle and female magazines along with Nesgurte launch in 1th of September, being those magazines used afterwards to advertisement in the end of the year. Sampling is going to be made in Porto and Lisboa to stimulate initial trial. From there until the end of October it will be on TV, in TVI and SIC mornings addressing to housewives, elderly and pregnant women. From February to April it will be on SIC Mulher in the interval of Master Chief and in Fox Life during afternoon to address to active middle age people. In November soft sponsoring will be done in TVI and SIC morning shows. Furthermore, in November and December it will negotiate a national billboard campaign with at least 100 faces per 2 weeks in each month. Regarding social media, € 5000 will be spent in YouTube advertising; pay per click will be done in running videos which are seen by the target. Moreover a Facebook page will be created focusing on healthiness tips and lifestyle, promoting Nesgurte with brand entertainment and communication along with an online healthy game platform. Benchmarking Belgium mobile companies, in MAT2 it will be launched a Facebook campaign in which the winners win a personalized Nesgurte spoon to eat their solids yogurts. For that, fans have to insert there the lid code enabling moving on in the platform, see **appendix 23**. Regarding packaging it has to be green but the agency has to design a smooth color approach and a distinctive version according to brand identity and positioning. Packaging attractiveness will be submitted in qualitative of August. Sales development will invest in shelf stoppers in modern trade and tupperware merchandising in traditional trade. Supported by € 144.825 on first mobile year, with further increase, client actions will be mainly in Continente and Pingo Doce; spending about 50% on tops special display, to improve consumers' awareness, investing about 40% in price-off and 10% in bonus pack to stimulate repeat purchase. Those values will

be equally distributed in the course of MAT1, excluded bonus pack which is planned for November, to reinforce the launch after doing sampling and TV advertising, and in March to consolidate the brand in a health competitive month. See **appendix 23**.

Issues and constrains

Listing: The store has limited shelf space and not everyone can be there. Product fees, shelf space charges and retailers payoff should be strategically negotiate to avoid retailers over charges after realize it importance for LNPF. Hipers represents 25% of health and considering that LNPF will discontinue 4 less sold products to replace for 4 new, there are 4 that have to be negotiated. The situation is trickier in Big Supers. Valuing 34% of health and with less shelf space than Hipers the cardex end result may be less attractive, or the demanded brand performance, by retails, could be superior. However the real battle will be around Small Supers. Valuing 37% of health market with 2 or 3 shelf fronts per most sold brands LNPF will face several issues. Keeping in mind that discounts stores will favor its one brands, unitary sell may be considered in it. Lidl with 4% of health sales, restringing Activia to 36% of health share is out of table.⁴⁰

Internal Costs of Production: Optimizing costs is maximizing profits. Producing in Spain with Portuguese ingredients is challenging since every small price incremental is reflected in large scale with LNPF tied to it. Thus, special attention must be given to raw-materials and transportation costs. The Price of Portuguese milk at producer grew 1.33% per year from 2005 to 2012⁴¹ and Portuguese food goods grew 1.5% in the same period.⁴² The Brent was unstably changing from \$100 to \$115 on last mobile year.⁴³

⁴⁰Nielsen, 2013. Health, Retailers, Volume in year to date in September 2013

⁴¹Governo de Portugal. 2012. “3º Relatório - Índices de Preços na Cadeia de Abastecimento Alimentar.” http://www.gpp.pt/parca/Relatorio_dez2012.pdf (accessed November 5, 2013).

⁴²Governo de Portugal. 2012. “Índice de Preços na Cadeia de Abastecimento Alimentar.” http://www.gpp.pt/parca/Relatorio_mai2012.pdf (accessed November 5, 2013).

⁴³ Price oil panel. http://oil-price.net/dashboard.php?lang=pt#brent_crude_price_large (accessed November 16, 2013)

Internal and external motivation: First weeks of launch are vital for marketing team convince internally that innovation has potential and win retailers' credit and approval. Moreover, brand communicating is part of strategy but cannot be done until it achieve 60% - 65% of weight distribution (WD), since consumes wouldn't find the Nesgurte in store. This usually happens on third week, keeping it behind of 70% WD goal.

Financials

Assuming an opportunity rate of cost of 7% for LNPF Portugal, the present value of investment in the three mobile years is € 3.201.202. The net present value of the project is €409.520, which corresponds to the operational profit before taxes. Assuming 44,2% of net sales as internal cost of production and, given today's consumer profile, 40% of gross margin as sales development budget, marketing budget varies in inverse direction to contribution value. By reducing net margin in MAT1 to 6.07% of net sales, reduced for sub-category, LNPF is taking the risk and reducing net margin on the first two mobile years to support investment, and only then, is going to start assuming net margin nearest to category. Convincing the board to accept this plan will be a serious challenge for the brand manager and his team, since a typical board tends to privilege short-term goals instead of medium-term. See **appendix 22** for financials and P&L analysis.

Sensibility analysis, implementation and control

Nesgurte contingency plan is based on 5% variation in sales. If volumes increase, results in higher net margin, but if volumes decrease Nesgurte will become more marketing warrior. By reducing € 0.025 in net margin per kg and cutting marketing budget in soft sponsoring and billboards investment, Nesgurte will gather funds in MAT1 to increase consumer promotion and become more attractable on consumer eyes, see **appendix 24**. Moreover, internal motivation, coordination and team work have to be the drivers.

Integration between sales forces, marketing and sales development departments will be essential to well implement the strategy. They should be on the same page concentration efforts on brand development, category consumer, retailer analysis, and retailers' persuasion and negotiation. The recommended KPIs will be; for consumer panel and preferences, Kantar, and for retailer performance and evaluation, A.C. Nielsen.

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A MARKETING PLAN FOR AN ENTER INTO A HEALTHY CATEGORY
THE LAUNCH OF LACTALIS NESTLÉ BIFIBUS YOGURT

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Master in Management

A Project carried out on the Marketing Directed Research, under the supervision of:

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Appendix 1 – Chilled Dairy Market and Categories

| 2012 | | |
|---------------|--------------------|--------------------|
| Categories | Volume | Value |
| Health | 24.595.510 | 91.675.652 |
| Indulgence | 23.494.219 | 83.516.039 |
| Basics | 46.070.694 | 73.436.517 |
| Adult Drinks | 49.741.666 | 110.874.741 |
| Light | 27.348.739 | 69.596.699 |
| Children | 12.297.755 | 50.877.587 |
| Market | 183.548.582 | 479.977.236 |

Source: Nielsen, 2013. Chilled dairy products, Total Portugal, Volume and Value in 2012.

| 2012 | | |
|---------------|---------------|---------------|
| Categories | Volume | Value |
| Health | 13,4% | 19,1% |
| Indulgence | 12,8% | 17,4% |
| Basics | 25,1% | 15,3% |
| Adult Drinks | 27,1% | 23,1% |
| Light | 14,9% | 14,5% |
| Children | 6,7% | 10,6% |
| Market | 100,0% | 100,0% |

Source: Nielsen, 2013. Chilled dairy products, Total Portugal, Volume and Value in 2012.

Appendix 2 – Manufactures Market Share

| YTD P9 13 | |
|-----------|-------|
| Volume | SOM |
| LNPF | 9,6% |
| Danone | 24,6% |
| Lactogal | 13,3% |
| PL | 48,2% |
| Others | 4,4% |

Source: Nielsen, 2013. Chilled dairy brands, Total Portugal, Volume in year to date in September 2013.

| YTD P9 13 | |
|-----------|-------|
| Value | SOM |
| LNPF | 14,3% |
| Danone | 33,6% |
| Lactogal | 9,9% |
| PL | 38,8% |
| Others | 3,4% |

Source: Nielsen, 2013. Chilled dairy brands, Total Portugal, Value in year to date in September 2013.

Appendix 3 – Manufactures Market Share per Category

| YTD P9 13 | | | | | |
|--------------|-------|--------|----------|-------|--------|
| Volume | LNPF | Danone | Lactogal | PL | Others |
| Adult Drinks | 15,0% | 20,0% | 19,5% | 41,8% | 3,7% |
| Basics | 3,2% | 10,8% | 14,1% | 62,4% | 9,5% |
| Children | 38,4% | 5,8% | 5,3% | 49,3% | 1,2% |
| Health | 0,0% | 67,1% | 2,6% | 28,2% | 2,1% |
| Indulgence | 10,0% | 28,6% | 0,8% | 56,7% | 3,9% |
| Light | 4,2% | 24,3% | 22,9% | 47,2% | 1,4% |

Source: Nielsen, 2013. Chilled dairy brands, Total Portugal, Volume in year to date in September 2013.

| YTD P9 13 | | | | | |
|--------------|-------|--------|----------|-------|--------|
| Value | LNPF | Danone | Lactogal | PL | Others |
| Adult Drinks | 18,1% | 24,9% | 15,7% | 38,4% | 2,9% |
| Basics | 4,3% | 13,6% | 14,2% | 59,4% | 8,6% |
| Children | 57,3% | 7,4% | 4,3% | 30,2% | 0,8% |
| Health | 0,0% | 76,0% | 1,6% | 19,0% | 3,4% |
| Indulgence | 13,8% | 38,3% | 0,7% | 43,9% | 3,2% |
| Light | 5,7% | 32,4% | 19,8% | 41,1% | 1,1% |

Source: Nielsen, 2013. Chilled dairy brands, Total Portugal, Value in year to date in September 2013.

Appendix 4 – Health and Bifidus Market

| Volume | Year 2011 | Year 2012 | YTD P9 12 | YTD P9 13 |
|------------------|-----------|-----------|-----------|-----------|
| Height Health | 13,4% | 13,4% | 13,7% | 12,5% |
| Other Probiotics | 37,6% | 32,3% | 32,1% | 29,2% |
| Bifidus | 62,4% | 67,7% | 67,9% | 70,8% |
| Activia | 65,5% | 65,5% | 65,6% | 71,2% |
| Private Labels | 30,8% | 30,8% | 30,9% | 25,0% |
| Mimosa Bifidus | 0,8% | 0,7% | 0,7% | 1,1% |
| Adágio Bifidus | 2,7% | 2,1% | 1,9% | 2,2% |
| Others | 0,3% | 0,9% | 0,9% | 0,5% |

Source: Nielsen, 2013. Health category, Total Portugal, Volume in 2012 and 2011.

| Volume | Year 2011 | Year 2012 | YTD P9 12 | YTD P9 13 |
|----------------|------------|------------|------------|------------|
| BIFIDUS | 16.353.389 | 16.639.960 | 13.178.331 | 12.478.794 |
| Activia | 10.713.218 | 10.899.616 | 8.643.981 | 8.889.097 |
| Private Labels | 5.029.735 | 5.127.705 | 4.068.143 | 3.114.222 |
| Mimosa Bifidus | 123.828 | 124.689 | 90.262 | 139.778 |
| Adágio Bifidus | 440.964 | 345.873 | 254.051 | 269.066 |
| Others | 45.644 | 142.077 | 121.894 | 66.631 |

Source: Nielsen, 2013. Health category, Total Portugal, Volume in 2012 and 2011.

| Value | Year 2011 | Year 2012 | YTD P9 12 | YTD P9 13 |
|------------------|-----------|-----------|-----------|-----------|
| Height Health | 20,4% | 19,1% | 19,6% | 17,1% |
| Other Probiotics | 42,9% | 38,0% | 37,6% | 34,9% |
| Bifidus | 57,1% | 62,0% | 62,4% | 65,1% |
| Activia | 76,9% | 75,5% | 75,7% | 79,5% |
| Private Labels | 20,1% | 21,5% | 21,3% | 17,9% |
| Mimosa Bifidus | 0,6% | 0,5% | 0,5% | 0,7% |
| Adágio Bifidus | 1,9% | 1,5% | 1,4% | 1,5% |
| Others | 0,4% | 1,0% | 1,1% | 0,3% |

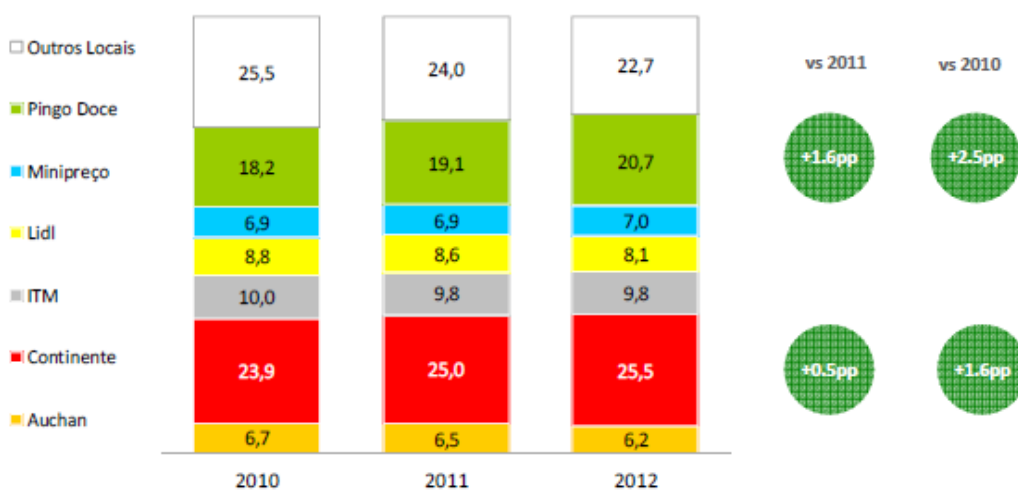
Source: Nielsen, 2013. Health category, Total Portugal, Value in 2012 and 2011.

| Value | Year 2011 | Year 2012 | YTD P9 12 | YTD P9 13 |
|----------------|------------|------------|------------|------------|
| BIFIDUS | 58.895.203 | 56.824.817 | 45.440.575 | 42.031.216 |
| Activia | 45.318.131 | 42.895.203 | 34.415.226 | 33.400.774 |
| Private Labels | 11.843.577 | 12.211.573 | 9.675.283 | 7.537.978 |
| Mimosa Bifidus | 336.883 | 310.157 | 235.048 | 308.079 |
| Adágio Bifidus | 1.147.915 | 861.511 | 631.056 | 638.845 |
| Others | 248.697 | 546.373 | 483.962 | 145.540 |

Source: Nielsen, 2013. Health category, Total Portugal, Value in 2012 and 2011.

Appendix 5 – Retailers

Total Basket – Purchase Market Share
(% value spend)



Source: Nielsen, 2012. "Retail Market."

Appendix 6 - Retailers in Chilled Dairy Products

| YTD P9 13 | | Value €000s | Market Share in Value | Volume 000s Kgs | Market Share in Volume | % of Penetr- ation | Frequenc y of purchase | Average spend € | % Repeaters |
|------------------------|-------------|----------------|-----------------------------|-----------------------|------------------------------|--------------------------|------------------------------|--------------------|----------------|
| Chilled Dairy Products | Continente | 116.337 | 36,7% | 41.626 | 33,7% | 64,3 | 8,0 | 45,87 | 51,3 |
| | Auchan | 20.387 | 6,4% | 8.234 | 6,7% | 23,0 | 4,7 | 22,50 | 13,4 |
| | Pingo Doce | 74.810 | 23,6% | 26.339 | 21,3% | 53,5 | 6,9 | 35,45 | 39,9 |
| | Minipreço | 32.237 | 10,2% | 14.212 | 11,5% | 35,0 | 6,4 | 23,39 | 24,8 |
| | Lidl | 26.474 | 8,3% | 13.623 | 11,0% | 43,4 | 5,0 | 15,47 | 29,5 |
| | Intermarche | 21.473 | 6,8% | 8.675 | 7,0% | 23,4 | 5,0 | 23,25 | 15,4 |
| | E.Leclerc | 4.887 | 1,5% | 2.073 | 1,7% | 7,8 | 3,3 | 15,82 | 3,7 |
| | Outros | 20.573 | 6,5% | 8.610 | 7,0% | 26,2 | 4,9 | 19,90 | 16,2 |
| Health | Continente | 20.696 | 37,8% | 5.351 | 35,3% | 26,5 | 4,0 | 19,79 | 16,0 |
| | Auchan | 3.029 | 5,5% | 874 | 5,8% | 6,5 | 2,8 | 11,74 | 3,4 |
| | Pingo Doce | 16.192 | 29,6% | 4.174 | 27,5% | 21,4 | 3,6 | 19,16 | 11,5 |
| | Minipreço | 5.926 | 10,8% | 2.060 | 13,6% | 13,3 | 3,1 | 11,33 | 6,4 |
| | Lidl | 2.194 | 4,0% | 754 | 5,0% | 8,4 | 2,2 | 6,60 | 3,1 |
| | Intermarche | 3.449 | 6,3% | 1.013 | 6,7% | 6,4 | 2,9 | 13,62 | 2,7 |
| | E.Leclerc | . | 0,0% | . | 0,0% | . | . | . | . |
| | Outros | 3.268 | 6,0% | 951 | 6,3% | 7,2 | 2,8 | 11,49 | 3,7 |

Source: Kantar Worldpanel, 2013. Retail Market, Total Portugal, year to date in September 2013

Appendix 7 - Evolution on Health from consumer purchase point of view

| YTD P9 13 | Value €000s | Market Share in Value | Volume 000s Kgs | Market Share in Volume | % of Penetr- ation | Frequency of purchase | Average spend € | % Repeaters | Fidelity per act of purchase |
|--------------------------|----------------|-----------------------------|--------------------|------------------------------|--------------------------|--------------------------|--------------------|----------------|------------------------------------|
| Bifidus | -4.389,9 | 3,9 | -645,7 | 5,1 | -2,8 | -0,6 | -1,3 | -0,9 | 3,1 |
| Active Defenses | -1.825,1 | -0,3 | -820,1 | -2,7 | -5,3 | 0,0 | 1,7 | -2,7 | 4,8 |
| Cholesterol reduction | -4.111,5 | -3,4 | -631,6 | -2,2 | -2,3 | -0,2 | -4,0 | -1,4 | 4,5 |
| Bones reinforcement | -190,5 | -0,3 | -50,6 | -0,3 | -1,5 | -1,1 | -3,4 | -0,2 | -10,5 |
| Bifidus Standard | -7.364,0 | -11,0 | -1.568,6 | -9,8 | -5,3 | -0,7 | -2,5 | -4,2 | -5,7 |
| Bifidus STD Solid | -5.054,2 | -8,8 | -1.039,8 | -7,1 | -5,6 | -0,5 | -2,1 | -3,3 | -2,5 |
| Bifidus STD Liquid | -2.309,8 | -2,1 | -528,9 | -2,7 | -3,1 | -0,5 | -0,8 | -2,2 | -0,2 |
| Bifidus Light | 2.974,2 | 11,0 | 923,0 | 9,8 | 4,2 | -0,2 | 1,0 | 3,4 | 6,3 |
| Bifidus Light Solid | 371,5 | 2,5 | 217,8 | 2,7 | 1,6 | -0,3 | -0,3 | 0,9 | 1,1 |
| Bifidus Light Liquid | 2.602,7 | 8,4 | 705,2 | 7,1 | 5,1 | -0,4 | 0,9 | 2,5 | 2,6 |

Source: Kantar Worldpanel, 2013. Bifidus, Total Portugal, Market Share in year to date in September 2013.

Appendix 8 - Market share in Light Bifidus in modern trade

| Market current situation | | | | | |
|--------------------------|------------|------------|------------|------------|-----------|
| | Year 2011 | Year 2012 | YTD P09 12 | YTD P09 13 | |
| VOLUME | | | | | |
| BIFIDUS | 16.353.389 | 16.639.960 | 13.178.331 | 12.478.794 | |
| VALUE | | | | | |
| BIFIDUS | 58.895.203 | 56.824.817 | 45.440.575 | 42.031.216 | |
| | Year 2011 | Year 2012 | YTD P09 12 | YTD P09 13 | Evolution |
| Standard Market | 11.355.228 | 12.423.828 | 9.883.044 | 8.302.342 | -16% |
| Standard Solids | 5.190.940 | 6.273.342 | 4.934.965 | 4.079.993 | -17% |
| Standard Liquids | 6.164.288 | 6.150.486 | 4.948.079 | 4.222.349 | -15% |
| Light Market | 4.998.161 | 4.216.132 | 3.295.287 | 4.176.452 | 27% |
| Light Solids | 1.858.779 | 1.670.589 | 1.336.770 | 1.626.114 | 22% |
| Light Liquids | 3.139.382 | 2.545.543 | 1.958.517 | 2.550.338 | 30% |

Source: Nielsen, 2013. Bifidus, Total Portugal, Market Share in year to date in September 2013.

Appendix 9 - Bifidus Manufactures Portfolio



Source: <http://www.activia.pt/> (accessed December 4, 2013).



Adágio Bifidus
Light Appeal
and Pineapple



Adágio Bifidus Light
Strawberries and
Water Melon



Mimosa
Source of Fiber
Light Strawberries



Mimosa
Source of Fiber
Light Peach and
Fruit Passion

Source: <http://www.continente.pt/stores/continente/pt> (accessed December 4, 2013).

<http://www.mimosa.com.pt/produtos/iogurtes/funcionais/fonte-fibra> (accessed December 4, 2013).

| Weighted Distribution | Year 2011 | Year 2012 | YTD 12 | YTD 13 |
|-----------------------|-----------|-----------|--------|--------|
| Activia | 99,8 | 99,5 | 99,6 | 98,5 |
| Activia Smoothie | 84,3 | 86,4 | 87,3 | 77,4 |
| Private Labels | 96,7 | 98,1 | 98,1 | 97,7 |
| Mimosa Bifidus | 18,5 | 19,6 | 19,6 | 20,1 |
| Adágio bifidus | 49,5 | 53,5 | 49,5 | 62,0 |

Source: Nielsen, 2013. Bifidus, Total Portugal, Weight distribution in year to date in September 2013.

Appendix 10 - Promotion and Rotation

| Promotion in volume | Year 2011 | Year 2012 | YTD 12 | YTD 13 |
|---------------------|-----------|-----------|-----------|-----------|
| Activia | 1.905.891 | 2.572.388 | 2.017.052 | 3.167.938 |
| Activia Smoothie | 173.636 | 286.730 | 266.605 | 23.742 |
| Private Labels | 1.022.715 | 800.860 | 664.045 | 472.474 |
| Mimosa Bifidus | 8.687 | 14.186 | 10.344 | 20.247 |
| Adágio Bifidus | 36.750 | 15.435 | 9.195 | 18.188 |

Source: Nielsen, 2013. Bifidus, Total Portugal, Promotion in year to date in September 2013.

| Booklet discount in volume | Year 2011 | Year 2012 | YTD 12 | YTD 13 |
|----------------------------|-----------|-----------|---------|-----------|
| Activia | 308.423 | 413.071 | 327.889 | 1.089.159 |
| Activia Smoothie | 24.755 | 20.092 | 14.367 | 2.312 |
| Private Labels | 132.685 | 125.572 | 107.895 | 155.939 |
| Mimosa Bifidus | 2.486 | 0 | 0 | 2.488 |
| Adágio Bifidus | 0 | 0 | 0 | 0 |

Source: Nielsen, 2013. Bifidus, Total Portugal, Promotion in year to date in September 2013.

| Temporary price reduction in volume | Year 2011 | Year 2012 | YTD 12 | YTD 13 |
|-------------------------------------|-----------|-----------|---------|---------|
| Activia | 534.442 | 1.041.565 | 730.819 | 915.364 |
| Activia Smoothie | 10.114 | 55.870 | 46.997 | 16.949 |
| Private Labels | 802.835 | 494.732 | 423.677 | 145.488 |
| Mimosa Bifidus | 2.370 | 10.255 | 7.712 | 9.594 |
| Adágio Bifidus | 8.239 | 5.867 | 3.693 | 5.735 |

Source: Nielsen, 2013. Bifidus, Total Portugal, Promotion in year to date in September 2013.

| Special Exhibition | Year 2011 | Year 2012 | YTD 12 | YTD 13 |
|--------------------|-----------|-----------|---------|---------|
| Activia | 866.189 | 996.048 | 887.147 | 457.878 |
| Activia Smoothie | 107.950 | 184.665 | 179.399 | 3.356 |
| Private Labels | 81.248 | 96.818 | 79.705 | 37.995 |
| Mimosa Bifidus | 11.191 | 4.672 | 3.868 | 179 |
| Adágio Bifidus | 9.480 | 9.334 | 5.272 | 11.344 |

Source: Nielsen, 2013. Bifidus, Total Portugal, Promotion in year to date in September 2013.

| Special Exhibition + Booklet Discount in volume | Year 2011 | Year 2012 | YTD 12 | YTD 13 |
|-------------------------------------------------|-----------|-----------|--------|---------|
| Activia | 196.159 | 79.804 | 71.035 | 476.929 |
| Activia Smoothie | 30.818 | 25.839 | 25.839 | 0 |
| Private Labels | 5.951 | 76.420 | 52.709 | 80.660 |
| Mimosa Bifidus | 62 | 0 | 0 | 483 |
| Adágio Bifidus | 0 | 0 | 0 | 0 |

Source: Nielsen, 2013. Bifidus, Total Portugal, Promotion in year to date in September 2013.

| Rotation in Store | Year 2011 | Year 2012 | YTD 12 | YTD 13 |
|-------------------|-----------|-----------|--------|--------|
| Activia | 98.032 | 98.312 | 77.119 | 86.590 |
| Activia Smoothie | 4.234 | 9.679 | 8.505 | 2.598 |
| Private Labels | 52.022 | 52.244 | 41.442 | 31.851 |
| Mimosa Bifidus | 6.714 | 6.389 | 4.627 | 6.903 |
| Adágio Bifidus | 8.416 | 6.466 | 5.071 | 4.387 |

Source: Nielsen, 2013. Bifidus, Total Portugal, Rotation in year to date in September 2013.

Appendix 11 - Loyalty Loop



Source: Court, David et al. 2009. "The consumer decision journey." *Mckinsey Quarterly*, Number 3, pp. 1-11.

Appendix 12 - Nesgurte Objectives

| | | | |
|----------------------------|-----------|-------------|-------------|
| Light Market volume 2013 | 5.000.000 | 5.250.000 | 5.512.500 |
| Solids Market volume 2013 | 1.858.779 | 1.951.718,0 | 2.049.303,8 |
| Liquids Market volume 2013 | 3.141.221 | 3.298.282,1 | 3.463.196,2 |

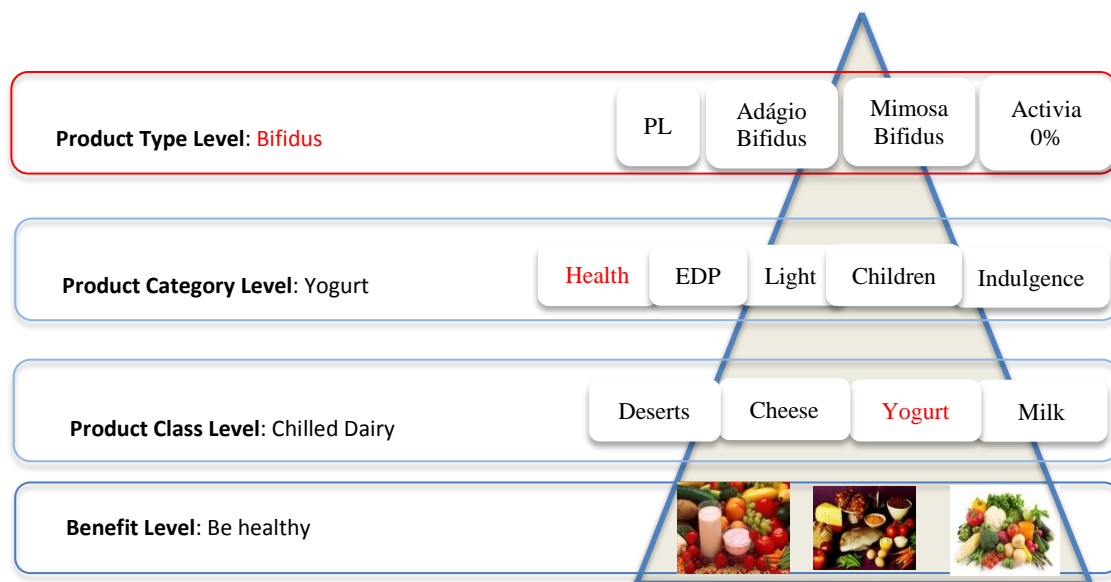
| Objective | Year | SOM Solids | SOM Liquids |
|-----------|-----------|------------|-------------|
| | MAT P9 14 | 9,0% | 7,0% |
| | MAT P9 15 | 13,0% | 10,5% |
| | MAT P9 16 | 15,0% | 11,5% |

| SOM Solids Value | SOM Liquids Value | Total Value | Net margin Kg |
|------------------|-------------------|----------------|---------------|
| € 798.392,05 | € 822.220,49 | € 1.620.612,54 | € 0,15 |
| € 1.210.894,61 | € 1.294.997,27 | € 2.505.891,88 | € 0,28 |
| € 1.467.045,39 | € 1.489.246,86 | € 2.956.292,25 | € 0,36 |

Source: Own elaboration.

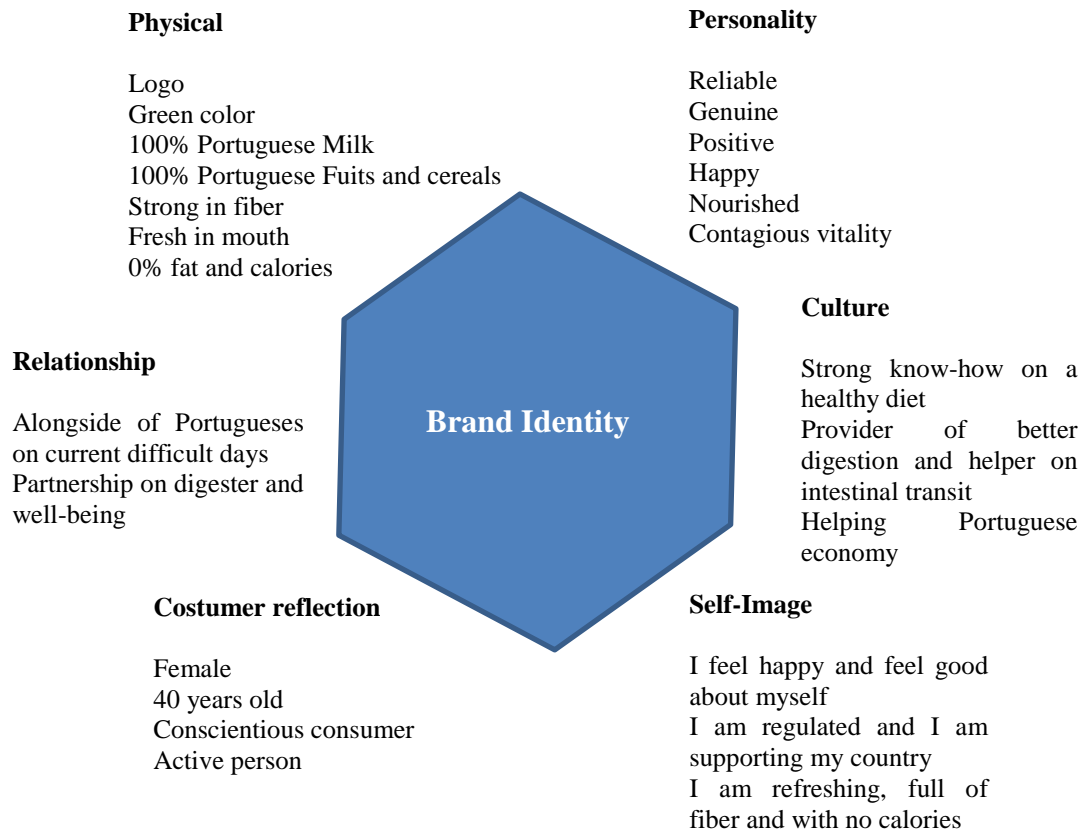
Appendix 13 – Frame of Reference

Nature of competition



Source: Own elaboration.

Appendix 14 – Brand Identity



Source: Own elaboration.

Appendix 15 – Product Development

| Time Table | February | March | April | May | June |
|----------------------------------------------------------------------|----------|-------|-------|-----|------|
| Select of Yogurt Base Select of Fruit/Cereal Prepared | | | | | |
| 1st Manual Trial 2nd Manual Trial 3rd Manual Trial | | | | | |
| 1st Industrial Trial 2nd Industrial Trial 3rd Industrial Trial | | | | | |

Source: Own elaboration.

Appendix 16 – Activia 0% Nutritional Table

SOLIDS

| Nutritional Table (Average values) | Per 100 g | per Unity | % RD* per Unity |
|---------------------------------------|-----------------|-----------------|-----------------|
| Energy (KJ/Kcal) | 252/60 | 302/72 | 4% |
| Lipids (g) | 0,1 | 0,2 | <1% |
| of which saturates (g) | 0,1 | 0,1 | 1% |
| Carbohydrates (g) | 8,9 | 10,7 | 4% |
| which contains sugar (g) | 8 | 9,6 | 11% |
| Fiber (g) | 1,3 | 1,5 | 6% |
| Proteins (g) | 4,5 | 5,4 | 11% |
| Salt (g) | 0,1 | 0,1 | 2% |
| Calcium (mg) | 181 (23% **) | 217 (27% **) | - |

* RD: Reference Dose for an adult average
(8400Kj/200Kcal).

** RNV: Reference Nutrition Value

Source: <http://www.activia.pt/produtos/zero/0-cereais.aspx#info> (accessed December 2, 2013).

LIQUIDS

| Nutritional Table (Average values) | Per 100 g | per Unity | % RD* per Unity |
|---------------------------------------|-----------------|-----------------|-----------------|
| Energy (KJ/Kcal) | 168/40 | 265/63 | 3% |
| Lipids (g) | 0,3 | 0,4 | 1% |
| of which saturates (g) | 0,2 | 0,3 | 2% |
| Carbohydrates (g) | 6 | 9,6 | 4% |
| from which contains sugar (g) | 4,3 | 6,9 | 8% |
| Fiber (g) | 0,7 | 1,1 | 4% |
| Proteins (g) | 2,6 | 4,2 | 8% |
| Salt (g) | 0,1 | 0,2 | 3% |
| Calcium (mg) | 104 (13% **) | 166 (21% **) | - |

* RD: Reference Dose for an adult average
(8400Kj/200Kcal).

** RNV: Reference Nutrition Value

Source: <http://www.activia.pt/produtos/zero/liquido-0-kiwi-cereais.aspx#info> (accessed December 2, 2013).

Appendix 17 – Nesgurte Cost Driven Price

Assumption:

Internal Cost of Production is estimated as 44,2% of Nesgurte net sales

Cost of producing solids is equal to the cost of production liquids

Information:

VAT in Bifidus Yogurts is 6%

Sales development will be 40% of the gross margin

| Nesgurte | SKUs | Cost per good produced |
|---------------|--------|------------------------|
| Light solid | Pack 4 | 0,52 € |
| | Kg | 1,09 € |
| Light Liquids | Pack 4 | 0,70 € |
| | Kg | 1,09 € |

Source: Own elaboration.

| | MAT P9 14 | MAT P9 15 | MAT P9 16 |
|-------------------|-----------|-----------|-----------|
| Sales Development | 40% | 40% | 40% |
| Marketing Budget | 49% | 40% | 34% |
| Net Margin | 11% | 20% | 26% |

Source: Own elaboration.

| Nesgurte | SKUs | Final Price to Retailers |
|---------------|--------|--------------------------|
| Light solid | Pack 4 | 1,50 € |
| | Kg | 3,12 € |
| Light Liquids | Pack 4 | 1,69 € |
| | Kg | 2,45 € |

Source: Own elaboration.

Appendix 18 – Recommended Selling Price to Public & Average Prices

| Nesgurte | SKUs | Price |
|---------------|----------------|--------|
| Light solid | Pack 4 (120 g) | 2,29 € |
| | Kg | 4,77 € |
| Light Liquids | Pack 4 (160 g) | 2,39 € |
| | Kg | 3,74 € |

Source: Own elaboration.

| Activia 0% | SKUs | Price |
|---------------|----------------|--------|
| Light solid | Pack 4 (120 g) | 2,49 € |
| | Kg | 5,19 € |
| Light Liquids | Pack 4 (160 g) | 2,59 € |
| | Kg | 4,05 € |

Source: <http://www.continente.pt/stores/continente/pt> (accessed November 24, 2013).

| Adágio bifidus | SKUs | Price |
|----------------|----------------|--------|
| Light solid | Pack 4 (180 g) | 2,19 € |
| | Kg | 3,04 € |

Source: <http://www.continente.pt/stores/continente/pt> (accessed November 24, 2013).

| Mimosa bifidus | SKUs | Price |
|----------------|----------------|--------|
| Light solid | Pack 4 (175 g) | 1,98 € |
| | Kg | 2,83 € |

Source: <http://www.jumbo.pt/Frontoffice/ContentPages/BrowseCatalog.aspx?C=100108> (accessed November 24, 2013).

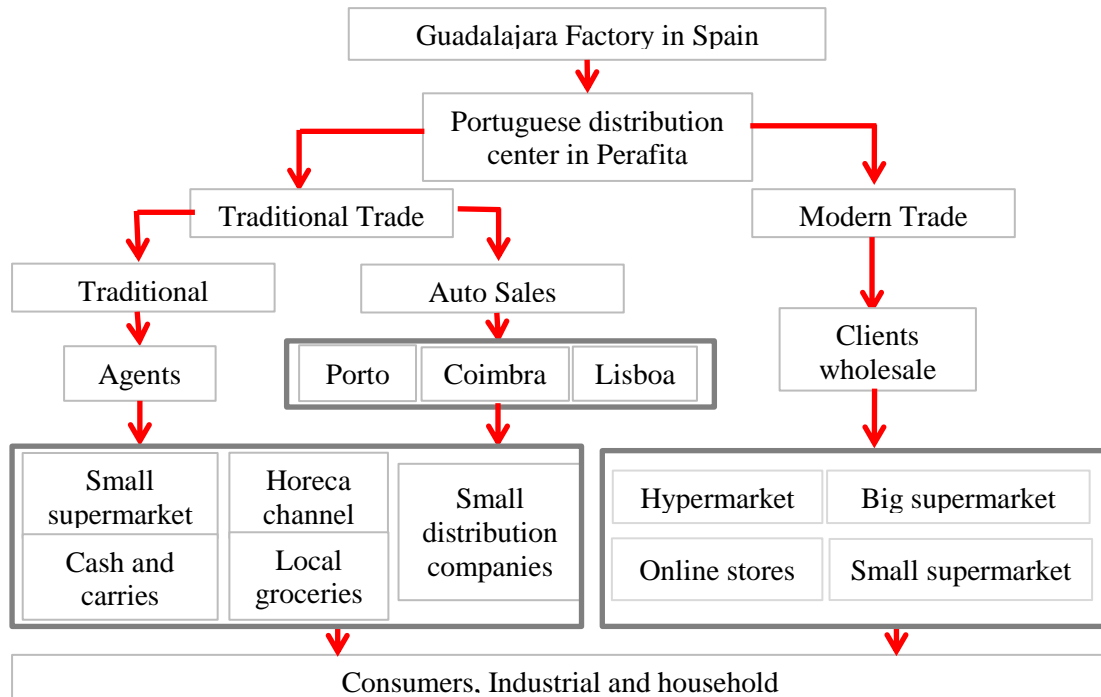
| Continente bifidus | SKUs | Price |
|--------------------|----------------|--------|
| Light solid | Pack 4 (125 g) | 1,76 € |
| | Kg | 3,52 € |
| Light Liquids | Pack 4 (180 g) | 1,98 € |
| | Kg | 2,75 € |

Source: <http://www.continente.pt/stores/continente/pt> (accessed November 24, 2013).

| Average Price | Year 2011 | Year 2012 | YTD P9 12 | YTD P9 13 |
|------------------|-----------|-----------|-----------|-----------|
| Activia | 4,15 | 3,88 | 3,93 | 3,71 |
| Activia Smoothie | 4,08 | 4,02 | 4,02 | 4,03 |
| Private Labels | 2,35 | 2,38 | 2,38 | 2,42 |
| Mimosa Bifidus | 2,72 | 2,49 | 2,60 | 2,20 |
| Adágio Bifidus | 2,62 | 2,49 | 2,48 | 2,37 |

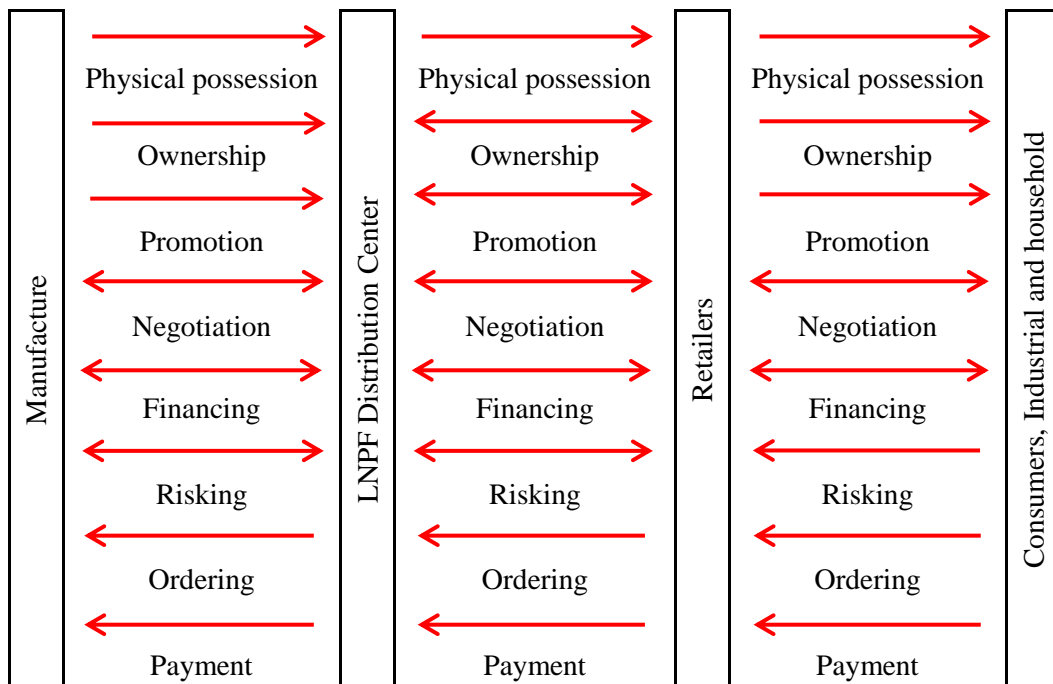
Source: Nielsen, 2013. Bifidus, Total Portugal, Average price in year to date in September 2013.

Appendix 19 – Channel Structure



Source: Nunes, Filipa. 2009. "A marketing plan for a healthy low fat yogurt." MSc Thesis, Nova School of Business and Economics, p.16-18

Appendix 20 – Supply Side



Source: Own elaboration.

| Marketing Flow | Importance | Description and GAP's |
|---------------------|------------|------------------------------------------------------------------------------------|
| Physical possession | + | Change wide the flow |
| Ownership | + | Change when sold to retailers |
| Promotion | ++ | Divided in Modern trade |
| Negotiation | +++ | Contracts already negotiated |
| Financing | ++ | Retailers pay to LNPF Portugal which pays to manufacture |
| Risking | ++++ | Is mainly taken by LNPF - <u>GAP</u> |
| Ordering | + | Is well coordinated with LNPF structure |
| Payment | ++ | Modern trade pays in 60 days and traditional trade at purchase moment or on credit |

Source: Nunes, Filipa. 2009. "A marketing plan for a healthy low fat yogurt." MSc Thesis, Nova School of Business and Economics, p.16-18

Appendix 21 – Demand Side

| Service Output | Analysis | GAPs |
|---------------------------|------------------------------------------------|-----------|
| Bull breaking | Low - unit sell | SOS = SOD |
| Spatial Convenience | High - stores open everyday everywhere | SOS = SOD |
| Waiting and delivery time | Low - product stocked in stores | SOS = SOD |
| Assortment variety | Low in small supermarkets | SOS < SOD |
| Customer Service | High - retailers customer loyalty concern | SOS = SOD |
| Information Providing | High - retailers Customer satisfaction concern | SOS = SOD |

Source: Nunes, Filipa. 2009. "A marketing plan for a healthy low fat yogurt." MSc Thesis, Nova School of Business and Economics, p.16-18

Appendix 22 – Financials

Assumptions:

- The launch is planned for September 2014 and the years in consideration are mobile years (MAT)
- Light bifidus market size will grow 5% year, in volume, in the 3 mobile years
- Nesgurte will have 9% market share (MS) in solids and 7% MS in liquids on 1st year, 13% MS in solids and 10,5% in liquids on 2nd year and 15% MS in solids and 11,5% in liquids on 3rd year
- With 4,77 €/kg on solids and 3,74 €/kg on liquids, Nesgurte expected value is € 1.620.613 on the 1st year, € 2.505.892 on the 2nd year and € 2.956.292 on 3rd year
- Internal Cost of Production is estimated as 44,2% of net sales
- Average trade margin is 37.2%
- Sales development is 40% of the Gross Margin
- R equals to 7%

Profit and Losses Analysis

| | MAT P9 14 | MAT P9 15 | MAT P9 16 |
|-------------------------------|-------------|-------------|-------------|
| Volumes | 387.176 | 600.043 | 705.663 |
| Sales Value | € 1.620.613 | € 2.505.892 | € 2.956.292 |
| - VAT (6%) | € 97.237 | € 150.354 | € 177.378 |
| Pre -Tax Sales Value | € 1.523.376 | € 2.355.538 | € 2.778.915 |
| - Trade Margin | € 566.696 | € 876.260 | € 1.033.756 |
| Net Sales Value | € 956.680 | € 1.479.278 | € 1.745.158 |
| - Internal Cost of Production | € 422.853 | € 653.841 | € 771.360 |
| Gross Margin | € 533.827 | € 825.437 | € 973.798 |
| - Sales Development | € 213.531 | € 330.175 | € 389.519 |
| - Marketing Budget | € 262.220 | € 328.030 | € 328.030 |
| Net Margin | € 58.076 | € 167.232 | € 256.249 |
| Net Margin per Kg | € 0,15 | € 0,28 | € 0,36 |

INVESTMENT € 3.201.202

NPV € 409.520

Source: Own elaboration.

LNPF Investment

| | MAT P9 14 | MAT P9 15 | MAT P9 16 |
|-------------------------------|-----------|-----------|-----------|
| Sales Development | € 213.531 | € 330.175 | € 389.519 |
| - Consumer promotion | € 154.825 | € 267.175 | € 326.519 |
| - Price-off | € 57.653 | € 89.147 | € 105.170 |
| - Special exhibition in-store | € 85.412 | € 132.070 | € 155.808 |
| - Bonus-pack | € 11.759 | € 45.958 | € 65.541 |
| - Trade promotion | € 42.706 | € 40.000 | € 40.000 |
| - Product fees | € 42.706 | | |
| - Additional shelf space fees | | € 40.000 | € 40.000 |
| - Merchandising | € 6.000 | € 8.000 | € 8.000 |
| - Point of Sales Material | € 10.000 | € 15.000 | € 15.000 |

Source: Own elaboration.

| | MAT P9 14 | MAT P9 15 | MAT P9 16 |
|------------------------------------|-----------|-----------|-----------|
| Market Budget | € 262.220 | € 328.030 | € 328.030 |
| - Advertising | € 181.800 | € 288.020 | € 328.030 |
| - Traditional advertising | € 105.300 | € 153.020 | € 195.030 |
| - TV | € 100.000 | € 147.720 | € 189.730 |
| - Magazines | € 5.300 | € 5.300 | € 5.300 |
| - Interactive Advertising | € 23.000 | € 37.000 | € 35.000 |
| - Social Media | € 23.000 | € 25.000 | € 25.000 |
| - Interactive online ads | | € 5.000 | € 10.000 |
| - Online fidelity program | | € 7.000 | |
| - Out of Home advertising | € 35.500 | € 40.000 | € 40.000 |
| - Billboards | € 35.500 | € 40.000 | € 40.000 |
| - Product placement | | € 18.000 | € 18.000 |
| - Soft sponsoring | € 18.000 | € 40.000 | € 40.000 |
| - Promotion | € 18.000 | € - | |
| - Consumer promotion | € 18.000 | € - | € - |
| - Sample | € 18.000 | | |
| - Public Relations | € 11.900 | € 15.960 | € - |
| - Press releases | € 500 | € 500 | |
| - Media Interviews/show discussion | € 11.400 | € 15.460 | |
| - Packaging | € 13.320 | € 4.050 | € - |
| - Sleeves | € 5.850 | | |
| - Lids | € 4.050 | € 4.050 | |
| - Printing color proof | € 3.420 | | |
| - New product development | € 13.200 | € - | € - |
| - Manual trial | € 1.200 | | |
| - Industrial trial | € 12.000 | | |
| - Studies | € 24.000 | € 20.000 | € - |
| - Qualitative | € 24.000 | | |
| - Quantitative | | € 20.000 | |

Source: Own elaboration.

Appendix 23 – Media Timeline & Client Action

| Media Timeline MAT1 | September | October | November | December | January | February |
|---------------------|-----------|---------|----------|----------|---------|----------|
| Press release | | | | | | |
| Sampling | | | | | | |
| TV | | | | | | |
| Soft Sponsoring | | | | | | |
| Billboard | | | | | | |
| Magazines | | | | | | |
| YouTube Advertising | | | | | | |
| Nesgurte Facebook | | | | | | |

Source: Own elaboration.

| Media Timeline MAT1 | March | April | May | June | July | August |
|---------------------|-------|-------|-----|------|------|--------|
| Press release | | | | | | |
| Sampling | | | | | | |
| TV | | | | | | |
| Soft Sponsoring | | | | | | |
| Billboard | | | | | | |
| Magazines | | | | | | |
| YouTube Advertising | | | | | | |
| Nesgurte Facebook | | | | | | |

Source: Own elaboration.

| Media Timeline MAT2 | September | October | November | December | January | February |
|---------------------|-----------|---------|----------|----------|---------|----------|
| TV | | | | | | |
| Soft Sponsoring | | | | | | |
| Product Placement | | | | | | |
| Billboard | | | | | | |
| Magazines | | | | | | |
| Youtube Advertising | | | | | | |
| Nesgurte Facebook | | | | | | |
| Fidelity Program | | | | | | |

Source: Own elaboration.

| Media Timeline MAT2 | March | April | May | June | July | August |
|---------------------|-------|-------|-----|------|------|--------|
| TV | | | | | | |
| Soft Sponsoring | | | | | | |
| Product Placement | | | | | | |
| Billboard | | | | | | |
| Magazines | | | | | | |
| Youtube Advertising | | | | | | |
| Nesgurte Facebook | | | | | | |
| Fidelity Program | | | | | | |

Source: Own elaboration.

| Media Timeline MAT3 | September | October | November | December | January | February |
|---------------------|-----------|---------|----------|----------|---------|----------|
| TV | | | | | | |
| Soft Sponsoring | | | | | | |
| Product Placement | | | | | | |
| Billboard | | | | | | |
| Magazines | | | | | | |
| Youtube Advertising | | | | | | |
| Nesgurte Facebook | | | | | | |
| Fidelity Program | | | | | | |

Source: Own elaboration.

| Media Timeline MAT3 | March | April | May | June | July | August |
|---------------------|-------|-------|-----|------|------|--------|
| TV | | | | | | |
| Soft Sponsoring | | | | | | |
| Product Placement | | | | | | |
| Billboard | | | | | | |
| Magazines | | | | | | |
| Youtube Advertising | | | | | | |
| Nesgurte Facebook | | | | | | |
| Fidelity Program | | | | | | |

Source: Own elaboration.

| Client Action MAT1 | September | October | November | December | January | February |
|--------------------|-----------|---------|----------|----------|---------|----------|
| Shelf Stoppers | | | | | | |
| Merchandising | | | | | | |
| Special Display | | | | | | |
| Price-off | | | | | | |
| Bonus Pack | | | | | | |

Source: Own elaboration.

| Client Action MAT1 | March | April | May | June | July | August |
|--------------------|-------|-------|-----|------|------|--------|
| Shelf Stoppers | | | | | | |
| Merchandising | | | | | | |
| Special Display | | | | | | |
| Price-off | | | | | | |
| Bonus Pack | | | | | | |

Source: Own elaboration.

| Client Action MAT2 | September | October | November | December | January | February |
|--------------------|-----------|---------|----------|----------|---------|----------|
| Shelf Stoppers | | | | | | |
| Merchandising | | | | | | |
| Special Display | | | | | | |
| Price-off | | | | | | |
| Bonus Pack | | | | | | |

Source: Own elaboration.

| Client Action MAT2 | March | April | May | June | July | August |
|--------------------|-------|-------|-----|------|------|--------|
| Shelf Stoppers | | | | | | |
| Merchandising | | | | | | |
| Special Display | | | | | | |
| Price-off | | | | | | |
| Bonus Pack | | | | | | |

Source: Own elaboration.

| Client Action MAT3 | September | October | November | December | January | February |
|--------------------|-----------|---------|----------|----------|---------|----------|
| Shelf Stoppers | | | | | | |
| Merchandising | | | | | | |
| Special Display | | | | | | |
| Price-off | | | | | | |
| Bonus Pack | | | | | | |

Source: Own elaboration.

| Client Action MAT3 | March | April | May | June | July | August |
|--------------------|-------|-------|-----|------|------|--------|
| Shelf Stoppers | | | | | | |
| Merchandising | | | | | | |
| Special Display | | | | | | |
| Price-off | | | | | | |
| Bonus Pack | | | | | | |

Source: Own elaboration.

Appendix 24 – Sensorial Analysis

Profit & Losses Analysis with 5% decreasing sales

| | MAT P9 14 | MAT P9 15 | MAT P9 16 |
|-------------------------------|-------------|-------------|-------------|
| Volumes | 367.817 | 570.041 | 670.380 |
| Sales Value | € 1.539.582 | € 2.380.597 | € 2.808.478 |
| - VAT (6%) | € 92.375 | € 142.836 | € 168.509 |
| Pre -Tax Sales Value | € 1.447.207 | € 2.237.761 | € 2.639.969 |
| - Trade Margin | € 538.361 | € 832.447 | € 982.068 |
| Net Sales Value | € 908.846 | € 1.405.314 | € 1.657.901 |
| - Internal Cost of Production | € 401.710 | € 621.149 | € 732.792 |
| Gross Margin | € 507.136 | € 784.165 | € 925.108 |
| - Sales Development | € 224.154 | € 346.601 | € 408.898 |
| - Marketing Budget | € 237.170 | € 291.930 | € 291.930 |
| Net Margin | € 45.812 | € 145.634 | € 224.281 |
| Net Margin per Kg | € 0,125 | € 0,255 | € 0,335 |

INVESTMENT € 3.077.088

NPV € 353.097

Source: Own elaboration.

LNPF Investment

| | MAT P9 14 | MAT P9 15 | MAT P9 16 |
|-------------------------------|-----------|-----------|-----------|
| Sales Development | € 224.154 | € 346.601 | € 408.898 |
| - Consumer promotion | € 165.448 | € 283.601 | € 345.898 |
| - Price-off | € 60.522 | € 90.116 | € 106.313 |
| - Special exhibition in-store | € 89.662 | € 138.640 | € 163.559 |
| - Bonus-pack | € 15.265 | € 54.844 | € 76.025 |
| - Trade promotion | € 42.706 | € 40.000 | € 40.000 |
| - Product fees | € 42.706 | | |
| - Additional shelf space fees | | € 40.000 | € 40.000 |
| - Merchandising | € 6.000 | € 8.000 | € 8.000 |
| - Point of Sales Material | € 10.000 | € 15.000 | € 15.000 |

Source: Own elaboration.

| | MAT P9 14 | MAT P9 15 | MAT P9 16 |
|------------------------------------|-----------|-----------|-----------|
| Market Budget | € 237.170 | € 291.930 | € 291.930 |
| - Advertising | € 156.750 | € 251.920 | € 291.930 |
| - Traditional advertising | € 101.700 | € 146.920 | € 173.430 |
| - TV | € 96.400 | € 141.620 | € 168.130 |
| - Magazines | € 5.300 | € 5.300 | € 5.300 |
| - Interactive Advertising | € 23.000 | € 37.000 | € 35.000 |
| - Social Media | € 23.000 | € 25.000 | € 25.000 |
| - Interactive online ads | | € 5.000 | € 10.000 |
| - Online fidelity program | | € 7.000 | |
| - Out of Home advertising | € 17.050 | € 30.000 | € 40.000 |
| - Billboards | € 17.050 | € 30.000 | € 40.000 |
| - Product placement | | € 18.000 | € 18.000 |
| - Soft sponsoring | € 15.000 | € 20.000 | € 25.500 |
| - Promotion | € 18.000 | | |
| - Consumer promotion | € 18.000 | € - | € - |
| - Sample | € 18.000 | | |
| - Public Relations | € 11.900 | € 15.960 | € - |
| - Press releases | € 500 | € 500 | |
| - Media Interviews/show discussion | € 11.400 | € 15.460 | |
| - Packaging | € 13.320 | € 4.050 | € - |
| - Sleeves | € 5.850 | | |
| - Lids | € 4.050 | € 4.050 | |
| - Printing color proof | € 3.420 | | |
| - New product development | € 13.200 | € - | € - |
| - Manual trial | € 1.200 | | |
| - Industrial trial | € 12.000 | | |
| - Studies | € 24.000 | € 20.000 | € - |
| - Qualitative | € 24.000 | | |
| - Quantitative | | € 20.000 | |

Source: Own elaboration.

Appendix 25 – Survey

Selective Filters

➔ **Q1 – Have you consumed a yogurt at least one time in the past 3 months?**

- Yes (Move to the following question)
- No (Thank you for the collaboration)

➔ **Q2 – Have you even brought or consumed a bifidus yogurt?**

- Yes (Move to the following question)
- No (Thank you for the collaboration)

➔ **Q3 – Do you live in Portugal for at least 3 year?**

- Yes (Move to the survey)
- No (Thank you for the collaboration)

Q4 Can you recall without any kind of assistance, any brand of yogurt in the market? The words Danone and Nestlé are consider fabricants on this question and not brands.

Q5 Of the following brands which one of them do you know at least the name?

| Brand | Select |
|---------|--------|
| Activia | |

| | |
|--------------------------|--|
| Corpos Danone | |
| Actimel | |
| Danacol | |
| Adágio (Bifidus) | |
| Yoggi | |
| Danup | |
| Grego Danone | |
| Mimosa (Source of fiber) | |
| Yoco | |

Q6 If you would have to rate them can you indicate in a scale from 1 (the best brand) to 10 (the worse brand) the following brands?

| Brand | Evaluation |
|--------------------------|-------------------|
| Activia | |
| Corpos Danone | |
| Actimel | |
| Danacol | |
| Adágio (Bifidus) | |
| Yoggi | |
| Danup | |
| Grego Danone | |
| Mimosa (Source of fiber) | |

| | |
|------|--|
| Yoco | |
|------|--|

Q7 Each one of this brands has one of the following colors in his packaging. Can you associate the following brands to the right color?

| Brand | Select color | Color |
|--------------------------|--------------|------------------------|
| Activia | | Dark Green |
| Corpos Danone | | Purple |
| Actimel | | White |
| Danacol | | Blue and green |
| Adágio (Bifidus) | | White, red and blue |
| Yoggi | | Red |
| Danup | | Black |
| Grego Danone | | Sea Blue |
| Mimosa (Source of fiber) | | Degradè Blue |
| Yoco | | Different tons of blue |

Q8 which ones of these characteristics would you say that suits on a bifidus yogurt? Please rank them in a scale from 1 (Not at all) to 5 (Definitely)

| Characteristics | Evaluation |
|----------------------|------------|
| Is appetizing | |
| Has a creamy texture | |

| | |
|--------------------------------------------------------|--|
| Gives me energy | |
| Comes in nice varieties | |
| It is for everyday | |
| It comforts me | |
| It seems tasty | |
| It help my belly to better digest | |
| Keep my body fit and healthy | |
| It is for all the day | |
| It is a natural product | |
| It is delicate | |
| Feel me up until next meal | |
| It contains a lot of fruit | |
| It contains a lot of bacterias that make me functional | |
| It is not heavy at all | |
| To share a moment together | |
| Helps my intestinal transit | |
| It cheers me up | |
| I like the sensation on mouth | |
| It is like a snack for me | |
| I feel myself without hungry and yet not too much full | |
| It is a refreshing meal | |
| It is a small treat | |
| To build my bones stronger | |

| | |
|--------------------------------|--|
| It has high quantity of fibres | |
| It is very pleasure | |

Q9 From the following list can you identify on a Likert scale from 1 to 5, being 1 I really hate and I would never recommend, and 5 I love it and I would recommend, the Portuguese ingredients that you would recommend for a bifidus yogurt and the ingredients that you would discard?

| Ingredient list | Evaluation |
|-----------------------------|-------------------|
| Grapes Fernão Pires | |
| Apple Camoesa | |
| Banana of Madeira | |
| Portuguese strawberries | |
| Pear Rocha | |
| Peach Maracotão | |
| Portuguese Kiwi | |
| Orange of Algarve | |
| Muesli with red fruits | |
| Figs Pingo de Mel | |
| Cherry of Fundão | |
| Portuguese blackberry | |
| Portuguese raspberry | |
| Passion fruit of São Miguel | |

| | |
|----------------------------|--|
| Pineapple of Açores | |
| Plum Rainha Cláudia | |
| Persimmon of Algarve | |
| Melon Casca de Carvalho | |
| Portuguesa Water Melon | |
| Tangerine of Algarve | |
| Nuts of Trás-os-Montes | |
| Cereals of Alentejo | |
| Chestnut of Trás-os-Montes | |
| Oatmeal of Minho | |
| Barley of Minho | |

Q10 Please indicate the best time of the day to eat a bifidus solid yogurt in a scale from 1 (the worse time) to 5 (the best time)?

| Moments of Consumption | Select |
|-------------------------------|---------------|
| On the Breakfast | |
| Mid-morning snack | |
| After launch | |
| In between meals | |
| On the go | |
| Mid-Afternoon snack | |
| After dinner | |

| | |
|------------------------------------------------------------------------------------------------|--|
| In a quick or soft meal, along with another food complement, in order to replace a normal meal | |
| Before go to sleep | |

Q11 Please indicate the best time of the day to eat a bifidus liquid yogurt in a scale from 1 (the best time) to 10 (the worse time)?

| Moments of Consumption | Select |
|------------------------------------------------------------------------------------------------|---------------|
| On the Breakfast | |
| Mid-morning snack | |
| After launch | |
| In between meals | |
| On the go | |
| Mid-Afternoon snack | |
| After dinner | |
| In a quick or soft meal, along with another food complement, in order to replace a normal meal | |
| Before go to sleep | |

Q12 How much would you be willing to pay for a brand of bifidus yogurt light pack 4 with real Portuguese fruit inside, excluding promotion offers? (eg. Banana of Madeira, Pear Rocha, Portuguese Strawberries....)

| Price | Select |
|---------------|--------|
| 0€ | |
| 0,01€ - 0,2€ | |
| 0,21€ - 0,4€ | |
| 0,41€ - 0,6€ | |
| 0,61€ - 0,8€ | |
| 0,81€ - 1,0€ | |
| 1,01€ - 1,20€ | |
| 1,21€ - 1,40€ | |
| 1,41€ - 1,50€ | |
| 1,51€ - 1,60€ | |
| 1,61€ - 1,70€ | |
| 1,71€ - 1,80€ | |
| 1,81€ - 1,90€ | |
| 1,91€ - 2,00€ | |
| 2,01€ - 2,10€ | |
| 2,11€ - 2,20€ | |
| 2,21€ - 2,30€ | |
| 2,31€ - 2,40€ | |
| 2,41€ - 2,60€ | |
| 2,61€ - 2,80€ | |
| 2,81€ - 3,00€ | |

| | |
|---------------|--|
| 3,01€ - 3,20€ | |
| 3,21€ - 3,40€ | |
| 3,41€ - 3,60€ | |

Q13 Now knowing that a standard pack 4 of Activia 0% yogurt cost 1.99€, discounted of promotion, how much would you be willing to pay for a brand of bifidus yogurts light pack 4 with real Portuguese fruit inside, discounted of promotion offers? (eg. Banana of Madeira, Pear Rocha, Portuguese Strawberries....)

| Price | Select |
|---------------|---------------|
| 0€ | |
| 0,01€ - 0,2€ | |
| 0,21€ - 0,4€ | |
| 0,41€ - 0,6€ | |
| 0,61€ - 0,8€ | |
| 0,81€ - 1,0€ | |
| 1,01€ - 1,20€ | |
| 1,21€ - 1,40€ | |
| 1,41€ - 1,50€ | |
| 1,51€ - 1,60€ | |
| 1,61€ - 1,70€ | |
| 1,71€ - 1,80€ | |

| | |
|---------------|--|
| 1,81€ - 1,90€ | |
| 1,91€ - 2,00€ | |
| 2,01€ - 2,10€ | |
| 2,11€ - 2,20€ | |
| 2,21€ - 2,30€ | |
| 2,31€ - 2,40€ | |
| 2,41€ - 2,60€ | |
| 2,61€ - 2,80€ | |
| 2,81€ - 3,00€ | |
| 3,01€ - 3,20€ | |
| 3,21€ - 3,40€ | |
| 3,41€ - 3,60€ | |

Q14 Knowing that a standard pack 4 of Activia 0% yogurt cost 1.99€, discounted of promotions, would you recommend to a friend a Nestle bifidus pack 4 made with real Portuguese fruit for 1.99€ for the same flavour in consideration?

| Options | Select |
|------------------------------------------------------------------------------------------------------------------|--------|
| No. Activia gives me more guarantees | |
| No. Activia is the best brand in the Probiotics Market. Why change? | |
| No. I think I would propose a change but when I go to the store for sure I would only see Activia! So why do it? | |

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| I would be willing to try the new Yogurt and if it was as good as Activia 0% I would recommend. | |
| Yes. I value Portuguese fruit and I would recommend. | |
| Yes. I support Portuguese community so I would recommend | |
| Yes. I consume private labels such as Continente but with this offer I would recommend the new yogurt even paying more (Continente Bifidus Pack 4 costs 1,49€) | |
| I hate recommend / I have no friends to recommend yogurts | |

Q15 – Please indicate your age

| Range of age | Select |
|--------------|--------|
| < 26 | |
| 26 – 45 | |
| 46 – 65 | |
| > 65 | |

Q16– Please indicate your gender

| Gender | Select |
|--------|--------|
| Men | |
| Female | |

Q17 – Please indicate your current occupation

| Occupation | Select |
|----------------------|--------|
| Student | |
| Sabbatical Situation | |
| Employed | |
| Unemployed | |
| Housewife | |
| Retired | |

Appendix 26 – Results

N=151

Q4 – Activia 61% Recall

Q5 – Activia 99% Recognition

Q6 – TOP 3 = 1° Grego Danone, 2° Corpus Danone, 3° Activia

Q7 – Activia = Dark Green

Q8 –

| | |
|------------------------------|-----------------------------------|
| Keep my body fit and healthy | It help my belly to better digest |
| Helps my intestinal transit | It has high quantity of fibres |
| It is for everyday | |

Q9 –

| | |
|-------------------------|-----------------------------|
| Portuguese strawberries | Passion fruit of São Miguel |
| Muesli with red fruits | Pear Rocha |
| Portuguese Kiwi | Portuguese raspberry |
| Portuguese blackberry | Pineapple of Açores |
| Peach Maracotão | Cereals of Alentejo |

Q10 –

| | | |
|------------------|-------------------|---------------------|
| On the breakfast | Mid-morning snack | Mid-Afternoon snack |
|------------------|-------------------|---------------------|

Q11 –

| | | | |
|------------------|-------------------|---------------------|-----------|
| On the breakfast | Mid-morning snack | Mid-Afternoon snack | On the go |
|------------------|-------------------|---------------------|-----------|

Q12 – €1, 99

Q13 – €1, 99

Q14 – Yes for 89% of participants. Being 36%: I consume private labels such as Continente but with this offer I would recommend the new yogurt even paying more (Continente Bifidus Pack 4 costs 1,49€)

Q15 –

| Range of age | Select |
|--------------|--------|
| < 26 | 30% |
| 26 – 45 | 47% |
| 46 – 65 | 23% |

Q16 –

| Gender | Select |
|--------|--------|
| Men | 36% |
| Female | 64% |

Q17 –

